

Written evidence submitted by Aston Chemicals FRE0143

Aston Chemicals is a medium sized company established in 1990 to supply speciality chemical raw materials to the UK Personal Care industry. We import chemicals from all around the world and supply them to manufacturers in the UK and the rest of Europe. In 2006 we established a subsidiary in Poland, to supply to multinational and local manufacturers in Poland. Due to Brexit, we are now moving all of our EU business out of the UK and into Poland. Below are our comments on the questions on which we understand the Committee is interested in a first-hand perspective:

1. Industry preparedness for the end of the Transition Period:

We can't be properly prepared as we still do not know for sure what the situation will be on 1st January. We cannot afford to spend time and money preparing for circumstances that may not arise, and so we have to wait until we are certain of what will happen before we can justify making any significant changes.

2. What contact you have had with Government and whether you feel your concerns are being responded to and you are being consulted:

We have had virtually no contact with the government, our concerns have not been responded to and we have not been consulted in any meaningful way. We were contacted by DEFRA via the CTPA (Cosmetic, Toiletry and Perfumery Association) in 2017 and 2019 and asked for our predictions of what Brexit would mean to us, but they told us that this information would not be used to change anything, just to measure how the reality compared to business's predictions (the information we submitted is attached). We have written to our local MP (Rob Butler, Conservative, Aylesbury), who has not responded, and I also wrote to my home constituency MP (Greg Smith, Conservative, Buckingham) who replied that the government was preoccupied with Covid-19 and could not spend time on Brexit as well. I also met the previous Aylesbury MP (David Lidington, Conservative) who contacted Andrea Leadsom on our behalf to ask about Operation Kingfisher (support for businesses needing help to manage Brexit), but then he retired and nothing happened.

3. What advantage or disadvantage would there be in future divergence from the EU:

For our business and industry there will only be disadvantages in future divergence from the EU regulatory framework. The EU is our largest and closest trading partner. Many chemicals are manufactured in the EU, and can be transported to the UK relatively quickly and at low cost – countries in other parts of the world eg Africa and Australasia do not make these chemicals, and even if they did it would take weeks longer and cost far more to transport them to the UK. There is no way that we will be able to replace EU-made products with those from further away. The EU also has a thriving Personal Care manufacturing industry, which we have been able to supply to quickly and cheaply – again, our EU customers are not going to be replaced with customers further away, for logistical, cost and contract reasons. UK Chemical regulations diverging from EU regulations just means that we and our suppliers have to meet both sets of regulations – duplicating costs, workload, complexity and animal testing, for no benefit at all. Many chemical manufacturers may decide it is not worth doing this just for the UK market, and so chemicals that are available in the EU will not be available in the UK. Diverging regulations will also encourage Personal Care manufacturers to move

out of the UK and into the EU, where they can source the chemicals they need without any extra cost or work involved in UK REACH. On 2nd September 2020 DEFRA announced they were extending the deadlines for UK REACH for up to 6 years – but this is not of any real help, as the threat of UK REACH is still hanging over UK manufacturing, and hence still has all of the problems mentioned above and still encourages manufacturers to leave the UK within the next few years, if they have not already moved.

4. What influence have you had in shaping the new UK regulatory framework:

Very little. We have given our thoughts to our industry body (CTPA) who have been in discussion with DEFRA, and have contributed to government surveys on the impacts of Brexit, but have not been asked to contribute directly, and have been ignored when we have raised these issues with our local MPs.

5. What impacts, if any, will there be on your supply chains:

The impacts on our supply chains are huge and fundamental. For 30 years we have used cost-effective freight routes to import all of the chemicals we sell from all around the world (USA, China, Malaysia, South Korea, Australia, India and all over Europe) into our headquarters in the UK. After customs clearance and inspections we then supply them to factories in the UK and across the EU. If there are any issues we can quickly and cheaply ship products back and forth between the UK and Continental Europe. Now, because of the delays and complications that will be caused by border controls and customs clearance between the UK and the EU, and the regulatory divergence between the UK and EU, we will not be able to do this after 31st December. Instead, only chemicals for UK factories will be imported into the UK, and all chemicals for EU customers will be shipped direct into Germany. Splitting our freight routes in this way will add significant costs, workload and complexity for us – we will pass these additional costs onto UK customers, but will not be able to pass them onto our EU customers as we are competing against EU-based suppliers for their business. EU-based suppliers will not be facing these additional costs and complexity, and so will have an immediate competitive advantage over us. This change also means that there will be a drastic reduction in the volume of products coming into our UK warehouse – we are therefore having to reduce the number of our UK staff and hence are currently going through a redundancy process in the UK. It will also reduce the amount of work that we give to other UK companies, eg transport companies, outside warehousing, couriers etc, who will therefore also see a decline in their income.

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