



UK fruit and vegetable market subject to volatility amid delivery constraints

The UK fruit and vegetable sector continues to grapple with the effect of labour shortages. A combination of Brexit and the COVID-19 pandemic have caused a labour shortage in the UK. Fewer EU workers are willing to travel to Britain for work due to the complex border controls and immigration policy, putting increased pressure on production costs. Since Q2 2021, the shortage of HGV (heavy goods vehicle) drivers has disrupted the supply chain and thus caused delays to fruit and vegetable deliveries. The delays have left UK farmers unable to transport their produce, forcing large amounts of produce to be wasted. The impact of the HGV driver shortage is yet not evident on fruit and vegetable prices. However, according to market participants, there could be high volatility seen in the prices in the short term. Produce such as potatoes, cabbage and cauliflower in the UK are at risk of price volatility if the shortage cannot be resolved.

Many UK retailers are trying to mitigate the risk to ease pressure on the market. One of the largest retailers in the UK has turned to rail transportation to reduce the reliance on road transport. This could ease pressure on the HGV driver shortage in the market, thus limiting its impact on prices. However, if the current supply chain disruptions continue, manufacturers will be unable to continue absorbing the rising production costs. There is a risk that the price of products heavily imported from the EU such as onions, tomatoes, garlic and oranges could be elevated in the short to medium term as this cost is passed onto consumers.

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