



A NEW TRADING LANDSCAPE

60-day Action Plan for EU exit

SEMLEP
South East Midlands
Local Enterprise Partnership

NEWANGLIA
Local Enterprise Partnership
for Norfolk and Suffolk

 **oxLEP**
driving economic growth

 **CAMBRIDGESHIRE
& PETERBOROUGH
COMBINED AUTHORITY**

Buckinghamshire
LOCAL ENTERPRISE
PARTNERSHIP
THE ENTREPRENEURIAL HEART OF BRITAIN

AGENDA

- ❑ Facts and how we got here
- ❑ Trade agreement landscape before and after 31st December 2020)
- ❑ Government measures to date
- ❑ Regulatory position
- ❑ Trading in goods now and beyond 31st December 2020
- ❑ Trading in services now and beyond 31st December 2020
- ❑ State of UK-EU trade negotiations
- ❑ 60-day Action Plan
- ❑ Available support



**FACTS AND HOW WE
GOT TO WHERE WE ARE
NOW**

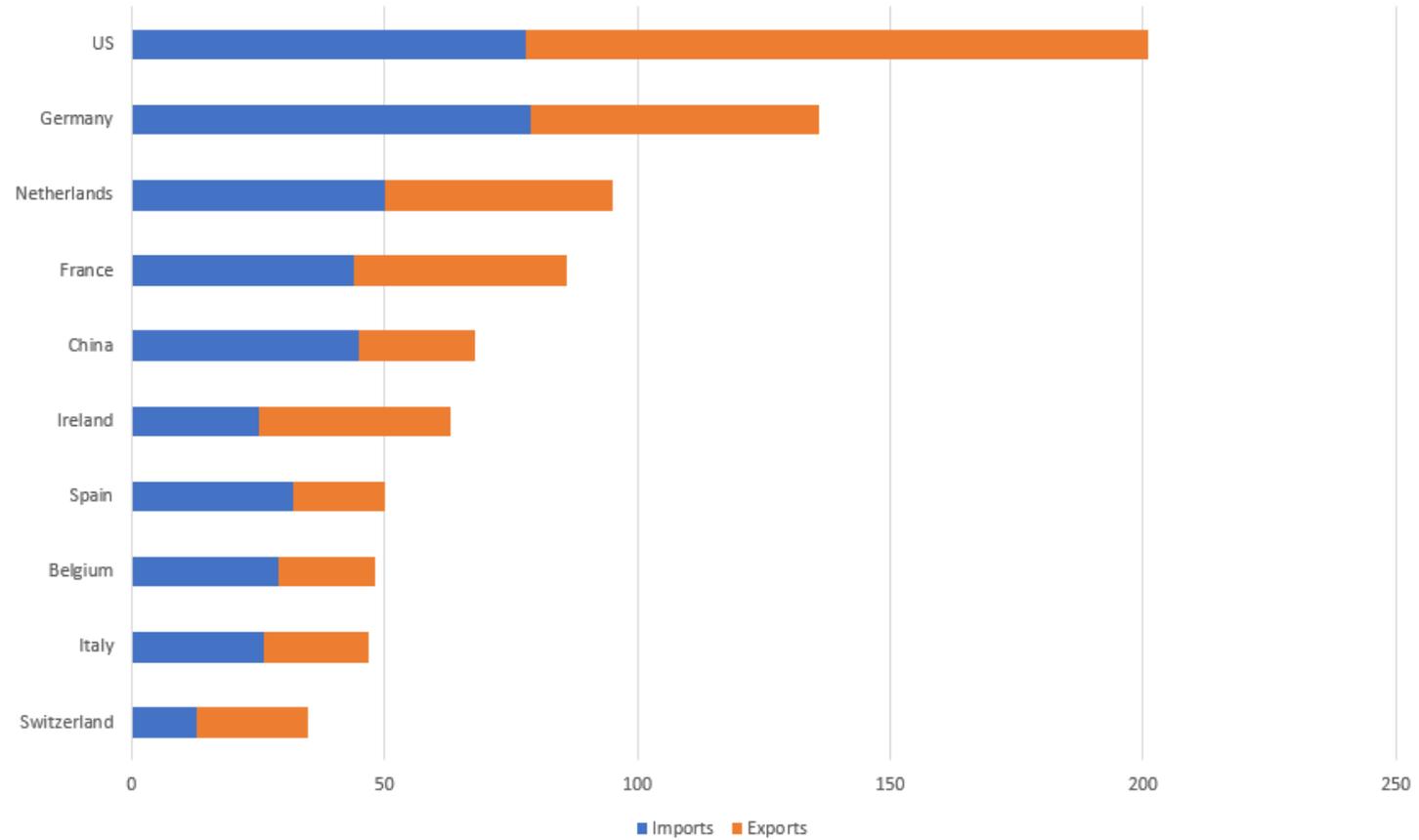
INTERDEPENDENCY OF UK AND EU

- ❑ The EU as a bloc is the UK's largest trading partner
- ❑ 2019 statistics:
 - UK exports to the EU were £300 billion (43% of all UK exports)
 - UK imports from the EU were £372 billion (51% of all UK imports)
 - Services accounted for 43% of the UK's exports to the EU
 - UK had an overall trade deficit of £72 billion with the EU
 - A surplus of £23 billion on trade in services was outweighed by a deficit of £95 billion on trade in goods
- ❑ Trends over recent years:
 - The share of UK exports accounted for by the EU has generally fallen over time from 54% in 2002 to 43% in 2016, though this increased slightly to 45% in 2019
 - The share of UK imports accounted for by the EU fell from 58% in 2002 to 51% in 2019
- ❑ There are currently no tariffs on goods traded between the UK and EU – the UK continues to use the EU's Common External Tariff until 31st December 2020, when it will be replaced by the UK Global Tariff
- ❑ With no EU deal, the UK's trade with the EU will default to World Trade Organisation (WTO) terms and MFN tariffs on 1st January 2021

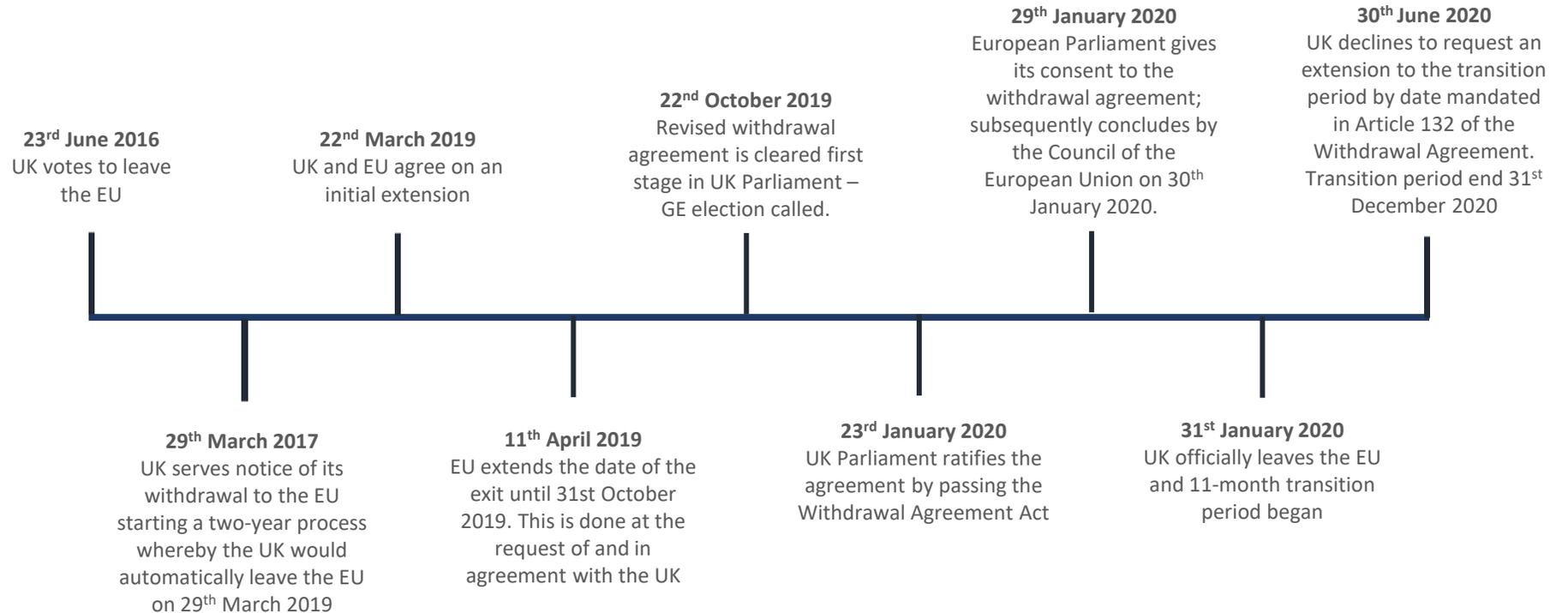
UK TOP TRADING PARTNERS

UK's top 10 trading partners for imports and exports

Data pertaining to 2018, source: ONS



HOW WE GOT HERE

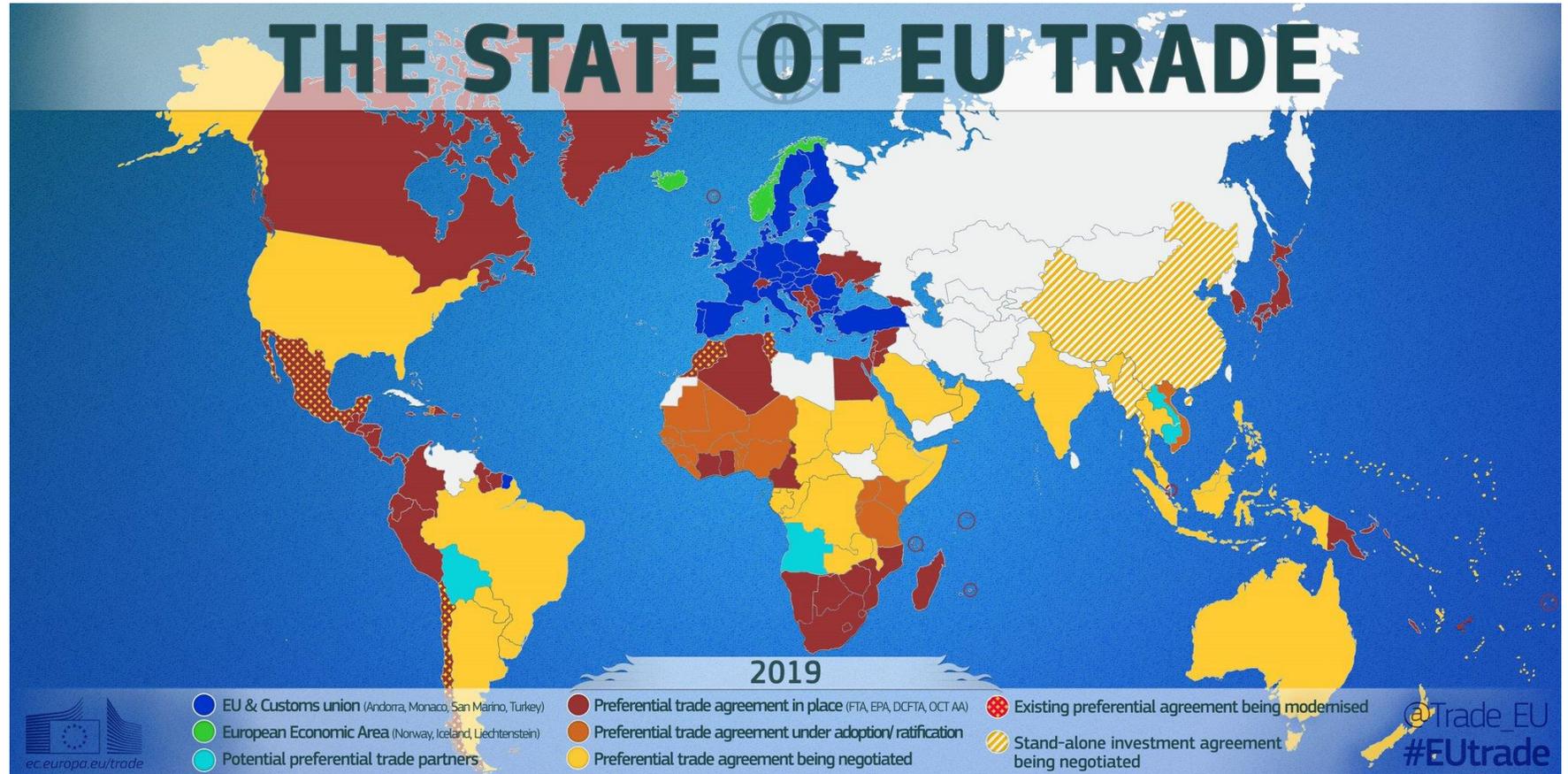


IMPACT OF NO AGREEMENT BY 31ST DECEMBER 2020



Withdrawal Agreement ratified 23rd Jan 2020 and gained EU consent on 29th Jan 2020	Transition period expires on 31st Dec 2020 without a Trade deal being agreed
<ul style="list-style-type: none"> ❑ UK officially left the European Union ❑ EU law continues to apply ❑ UK and EU content continues to count toward the rules of origin requirements in EU trade agreements ❑ UK maintains “de facto” membership of the Single Market & Customs Union ❑ Transition Period in place until 31st December 2020 ❑ UK remains bound by obligations stemming from all EU international agreements ❑ UK is no longer represented in EU institutions, agencies and bodies ❑ Common External Tariff continues to apply ❑ Customs Declarations are not required ❑ EU Free Trade Agreements continue to apply, until advised otherwise ❑ Union Customs Code and relevant laws continue to be applied as before ❑ Export Control Law continues to apply ❑ Sanctions, Embargoes, Restricted Party Screening continue to apply 	<ul style="list-style-type: none"> ❑ UK becomes a 3rd country in the eyes of the EU ❑ Access to Single Market & Customs Union is withdrawn ❑ Use of Free Trade Agreements is withdrawn ❑ EU law ceases to apply ❑ UK legal framework does not currently include all provisions ❑ Customs declarations become mandatory for trade with the EU ❑ Customs Controls are implemented for EU trade ❑ Rules for third countries apply ❑ Sanctions, Embargoes, Restricted Party Screening no longer apply ❑ Significant impact as all rules collapse overnight

TRADE AGREEMENT LANDSCAPE CURRENTLY AS PART OF EU



TRADE AGREEMENT LANDSCAPE POST 31ST DECEMBER 2020

Country or bloc	Total UK trade with countries, 2019 (£ million)
Andean countries	2,904
CARIFORUM trade bloc	3,243
Central America	1,441
Chile	2,148
Cote d'Ivoire	401
Eastern and Southern Africa (ESA) trade bloc	1,626
The Faroe Islands	295
Georgia	178
Israel	5,125
Jordan	534
Kenya (in principle)	1,439
Kosovo	9
Lebanon	820
Liechtenstein	122
Morocco	2,472
Pacific states	178
Palestinian Authority	11
South Korea	11,659
Southern Africa Customs Union and Mozambique (SACUM) trade bloc	12,121
Switzerland	38,579
Tunisia	611
Ukraine	1,533

22 “rolled over” trade deals covering 50+ countries represents just around **10% of total UK trade**. In addition to new UK-Japan FTA agreed



GOVERNMENT MEASURES TO DATE

UK GOVERNMENT MEASURES TO DATE: NORTHERN IRELAND PROTOCOL

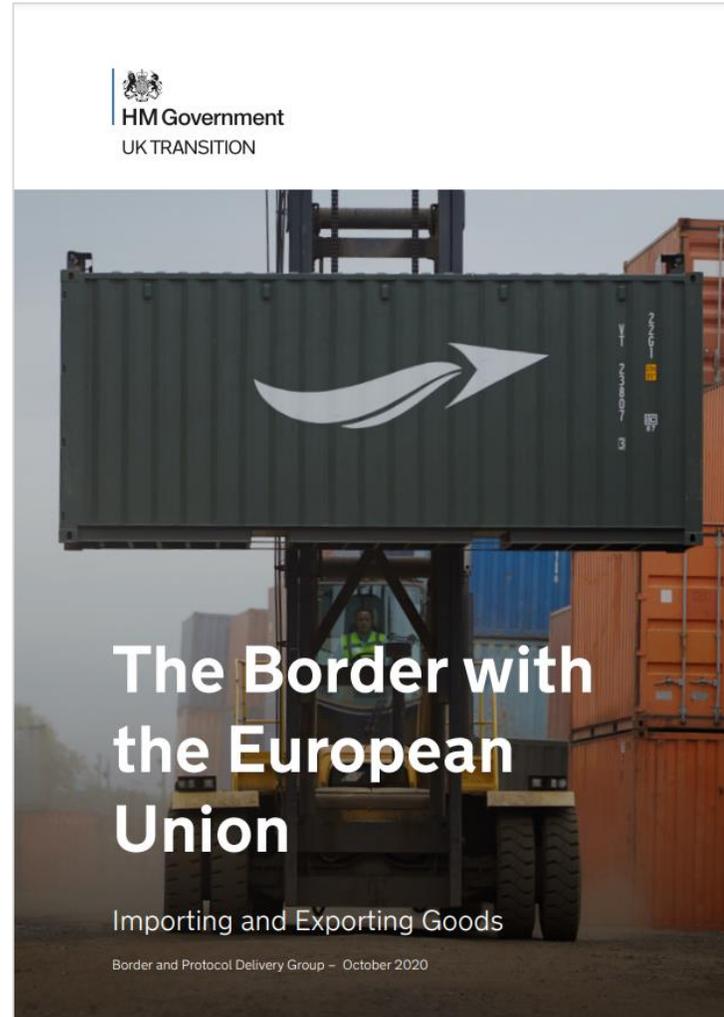


Principle: “UK must function as a single customs territory. Northern Ireland must have unfettered access to GB territory”

In practice:

- Customs declarations
- Entry summaries
- Tariffs
- Customs checks
- Regulatory checks
- Additional approvals
- VAT and excise

UK GOVERNMENT MEASURES TO DATE: BORDER OPERATING MODEL

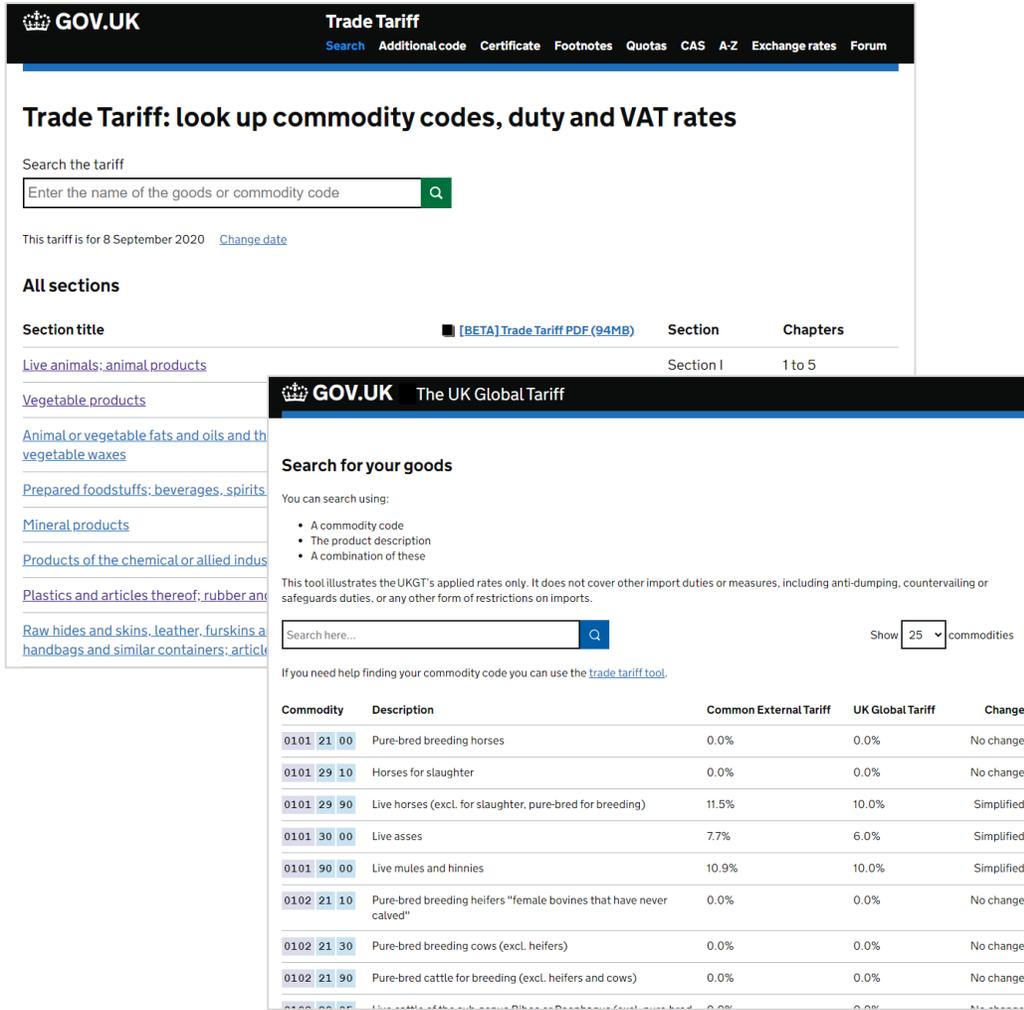


Principle: *“In light of COVID, a phased approach to the implementation of full border controls on imports coming into GB from the EU”*

In practice:

- 3 phases (1st January, April, July 2021)
- Customs declarations (Imports and exports)
- Customs duties (Imports)
- VAT (Imports)
- Safety and Security Declarations (Imports and Exports)
- Additional requirements

UK GOVERNMENT MEASURES TO DATE: UK GLOBAL TARIFF



GOV.UK Trade Tariff
Search Additional code Certificate Footnotes Quotas CAS A-Z Exchange rates Forum

Trade Tariff: look up commodity codes, duty and VAT rates

Search the tariff
Enter the name of the goods or commodity code

This tariff is for 8 September 2020 [Change date](#)

All sections

Section title [\[BETA\] Trade Tariff PDF \(94MB\)](#) Section Chapters

- [Live animals: animal products](#) Section I 1 to 5
- [Vegetable products](#)
- [Animal or vegetable fats and oils and vegetable waxes](#)
- [Prepared foodstuffs: beverages, spirits](#)
- [Mineral products](#)
- [Products of the chemical or allied industries](#)
- [Plastics and articles thereof: rubber and other plastics](#)
- [Raw hides and skins, leather, furskins and handbags and similar containers: articles of leather](#)

GOV.UK The UK Global Tariff

Search for your goods

You can search using:

- A commodity code
- The product description
- A combination of these

This tool illustrates the UKGT's applied rates only. It does not cover other import duties or measures, including anti-dumping, countervailing or safeguards duties, or any other form of restrictions on imports.

Search here... Show 25 commodities

If you need help finding your commodity code you can use the [trade tariff tool](#).

Commodity	Description	Common External Tariff	UK Global Tariff	Change
0101 21 00	Pure-bred breeding horses	0.0%	0.0%	No change
0101 29 10	Horses for slaughter	0.0%	0.0%	No change
0101 29 90	Live horses (excl. for slaughter, pure-bred for breeding)	11.5%	10.0%	Simplified
0101 30 00	Live asses	7.7%	6.0%	Simplified
0101 90 00	Live mules and hinnies	10.9%	10.0%	Simplified
0102 21 10	Pure-bred breeding heifers "female bovines that have never calved"	0.0%	0.0%	No change
0102 21 30	Pure-bred breeding cows (excl. heifers)	0.0%	0.0%	No change
0102 21 90	Pure-bred cattle for breeding (excl. heifers and cows)	0.0%	0.0%	No change

In practice:

- ❑ Replaces the EU Common External Tariff
- ❑ Exceptions:
 - Goods are from a developing country that pays less or no duty because it is part of the Generalised Scheme of Preferences (GSP)
 - Goods are from a country that has a trade agreement with the UK
 - Goods have a relief or tariff suspension that is operated by the UK
- ❑ Still need to refer to UK Trade Tariff volumes (product classification, preference details, VAT, quotas, and any conditions like certificates, licenses, proof of origin, etc.)

REGULATORY PROGRESS TO DATE



Middle ground
How much market access does the UK want to secure and what regulatory obligations will it be required to comply with in return for this?



Transfer of competences to EU institutions, centralisation, legislative harmonisation, and regulatory convergence. Enforcement of EU regulatory standards achieved through national authorities and courts, together with interpretative support from the CJEU.

UK Parliament regains legislative sovereignty from EU institutions and freedom to determine its own regulatory standards, including whether to remain aligned with or diverge from EU laws.

Regulatory impact examples: Chemicals sector (REACH); Manufactured goods; Safety and Metrology regulation; CE mark and health, safety, and environmental protection standards; GDPR

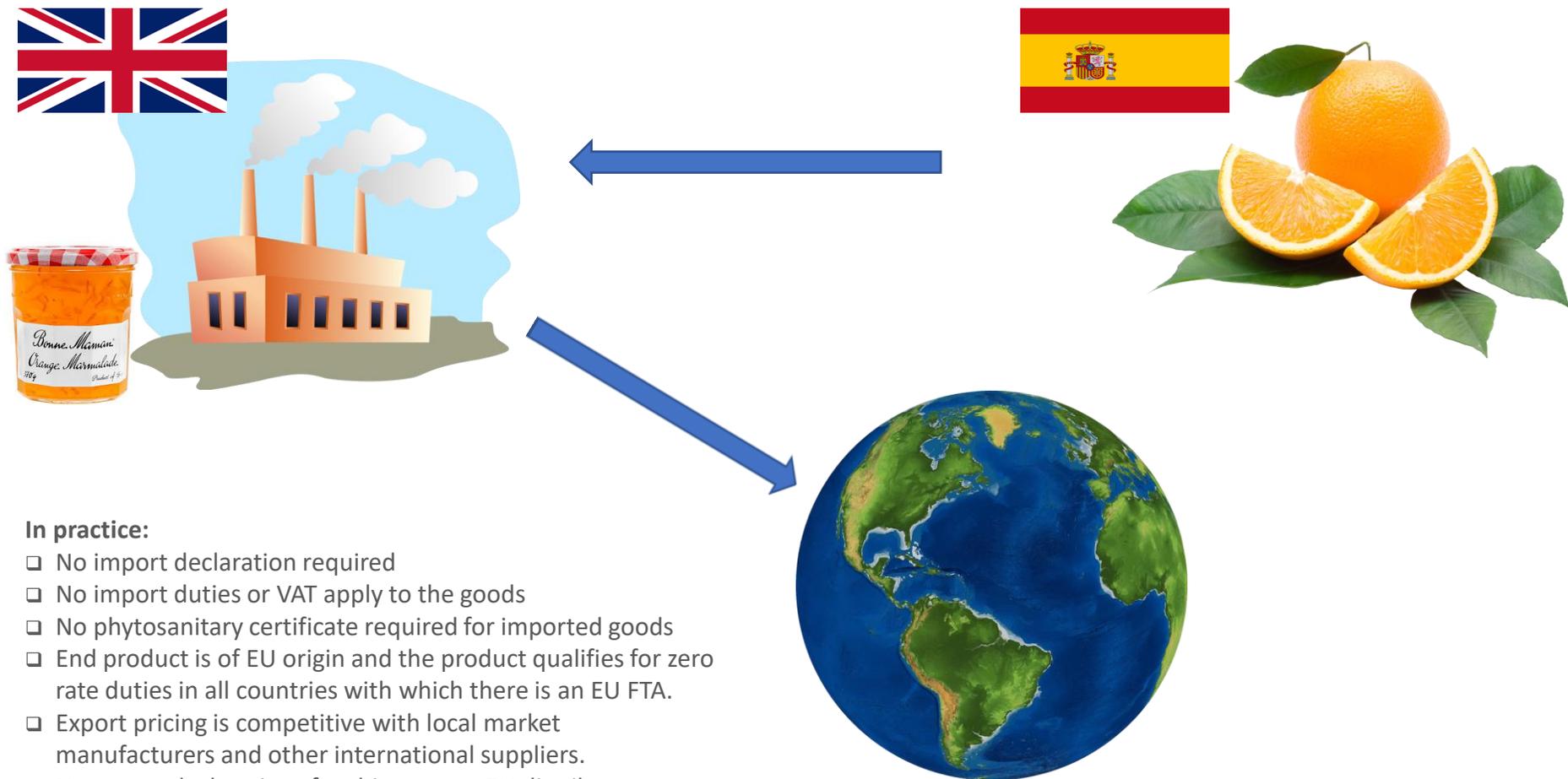
Thompson Reuters legislation tracker: [https://uk.practacallaw.thomsonreuters.com/2-631-7191?transitionType=Default&contextData=\(sc.Default\)&firstPage=true](https://uk.practacallaw.thomsonreuters.com/2-631-7191?transitionType=Default&contextData=(sc.Default)&firstPage=true)



TRADE IN GOODS

BEFORE AND AFTER 31ST DECEMBER 2020

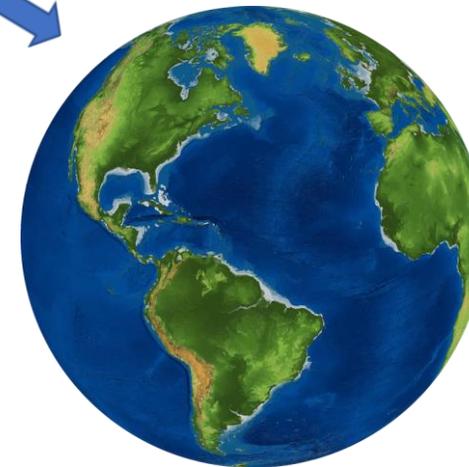
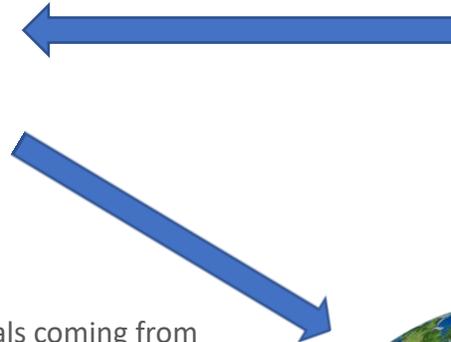
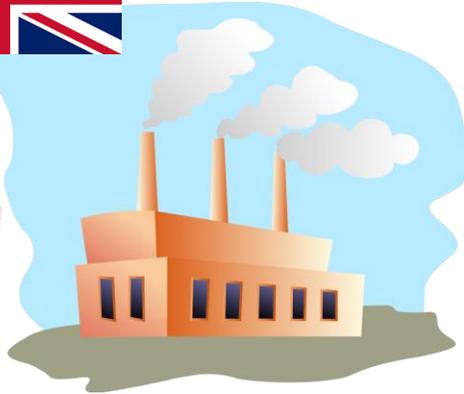
TRADING IN GOODS CURRENTLY (EXAMPLE)



In practice:

- No import declaration required
- No import duties or VAT apply to the goods
- No phytosanitary certificate required for imported goods
- End product is of EU origin and the product qualifies for zero rate duties in all countries with which there is an EU FTA.
- Export pricing is competitive with local market manufacturers and other international suppliers.
- No export declarations for shipment to EU distributors
- Goods move freely and there is little disruption to supply

TRADING IN GOODS POST 31ST DECEMBER 2020 (EXAMPLE)



In practice:

- ❑ Import declaration is required for raw materials coming from Spain
- ❑ Potential for supply chain disruption
- ❑ Import duty applies to oranges – between 2% and 10% depending on the time of year
- ❑ Customs valuation is needed to determine the 'ad valorem' duty of imported materials
- ❑ Phytosanitary certificate required for imports
- ❑ Product origin needs to be reviewed and origin protocols consulted where there is a trade agreement in place with UK
- ❑ Export declarations are required to ship to EU distributors
- ❑ Import duty will be due on finished product in local market, impacting competitiveness of export pricing
- ❑ Company's existing delivery terms to EU distributors need to be reviewed

CONSIDERATIONS FOR UK IMPORTERS AND EXPORTERS



Considerations:

- EORI numbers (UK and EU)
- Regulatory changes
- Customs declarations and supporting documentation (licensee, certification, etc.)
- Facilitations – transit and simplified procedures
- Commodity codes
- Origin of goods
- Import duties and taxes
- Customs value of goods
- Paying / Accounting for VAT on imported goods
- Duty Deferment Account (DDA)
- Export pricing
- Commercial contracts and Incoterms
- Intrastat data
- Customs intermediary support



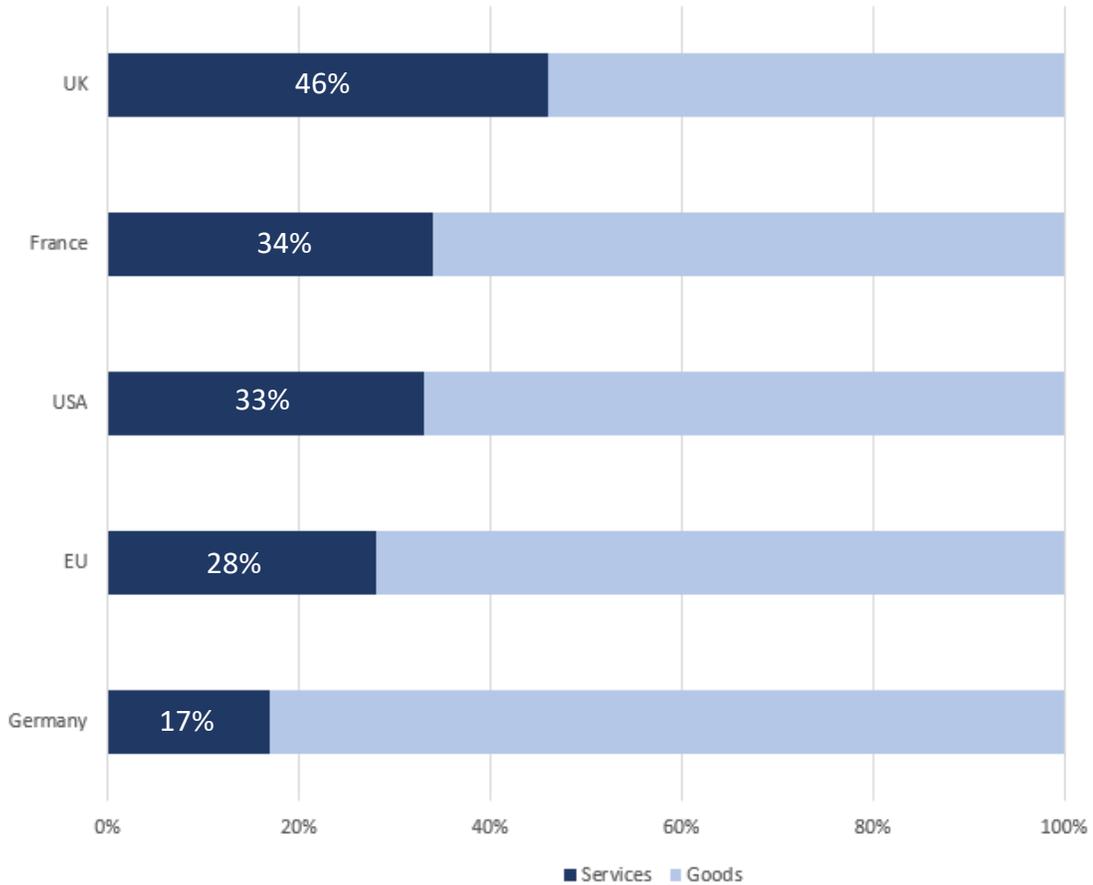
TRADE IN SERVICES

BEFORE AND AFTER 31ST DECEMBER 2020

UK'S SERVICES EXPORTS

UK relies heavily on service exports

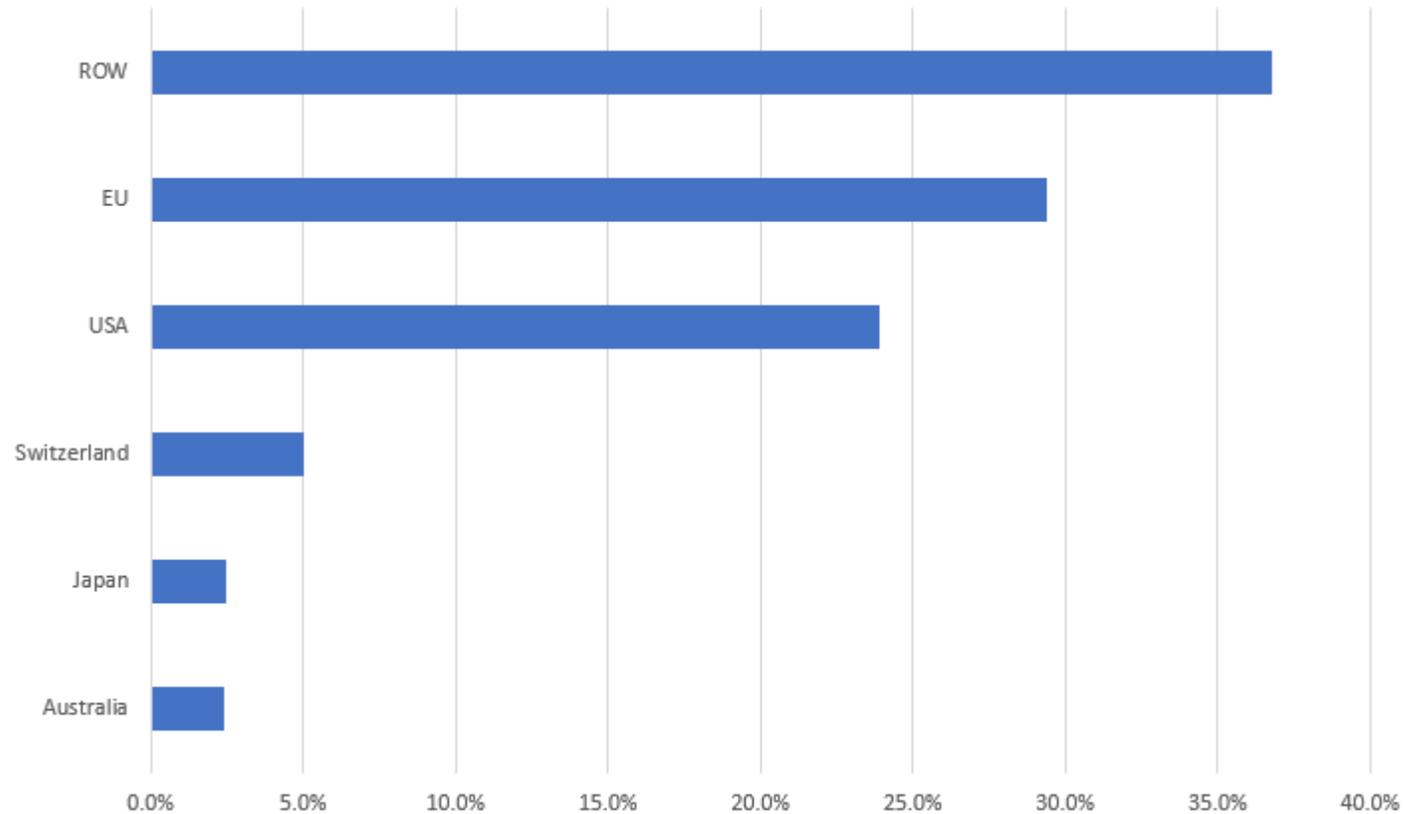
Service exports as a percentage of total exports, 2018



UK'S MARKETS FOR SERVICES EXPORTS

EU is UK's largest market for service exports

Breakdown of UK service exports 2019

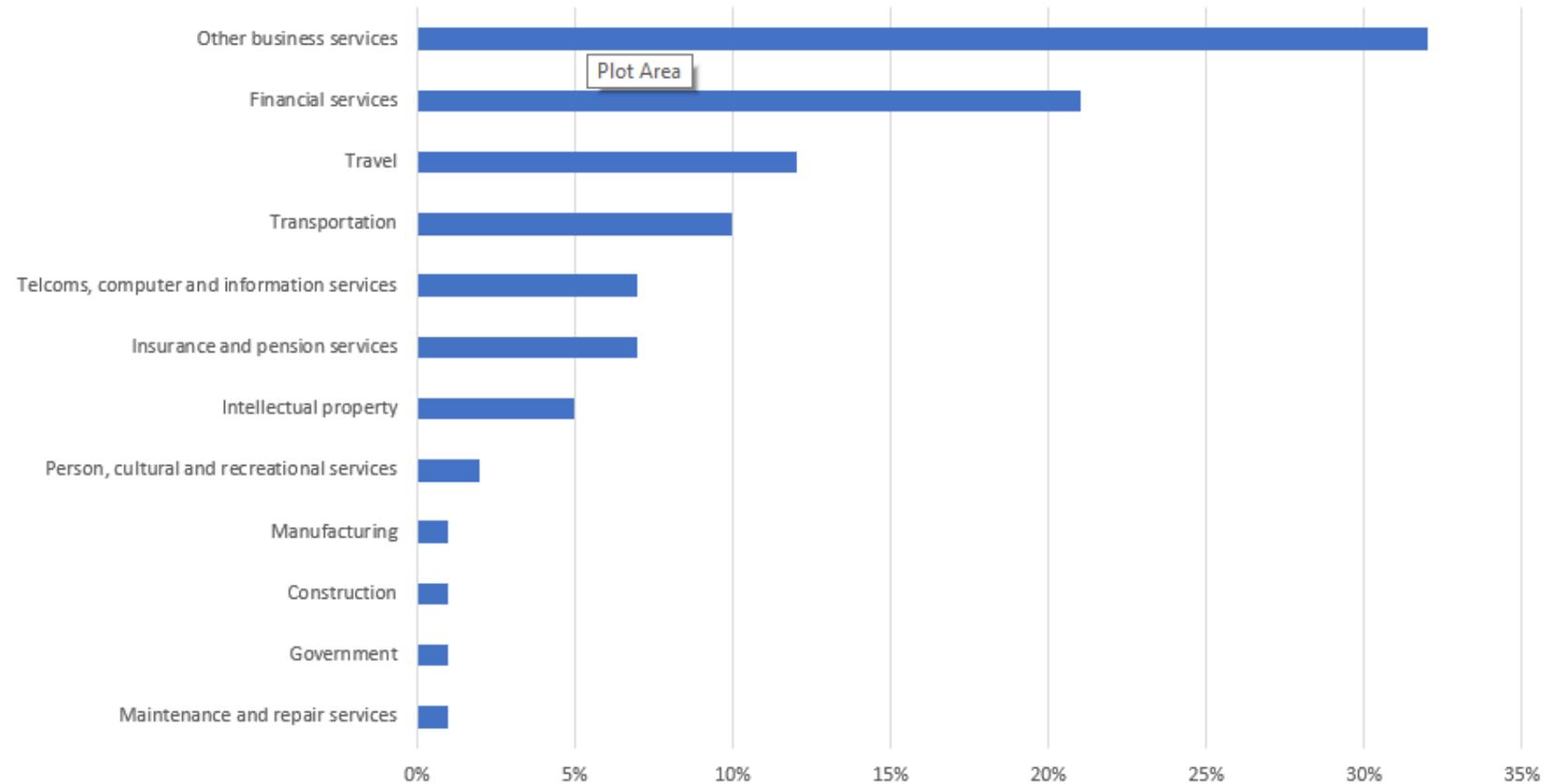


Service exports to the EU: 29.4%

- Germany - 6.6%
- France - 5.7%
- Netherlands - 5.5%
- Ireland - 5.3%
- Italy - 3.6%
- Spain - 2.7%

MAKE UP OF UK'S SERVICES EXPORTS

The UK's main service exports are business and financial services
Breakdown of UK service exports 2018



TRADING IN SERVICES CURRENTLY

Four modes of providing services across borders

Mode 1: Cross border

the service itself crosses the border

- *Management consulting*
- *ICT*
- *Marketing*
- *Engineering*
- *Transportation*



Mode 2: Consumption abroad

the consumer travels across the border

- *Tourism and travel*
- *Education and training*
- *Legal*
- *Health services*



Mode 3: Commercial presence

establishment of an office or entity

- *Financial*
- *Insurance*
- *Construction*
- *Distribution*



Mode 4: Movement of natural persons

the supplier travels across the border

- *Arts and culture*
- *Recreation and sporting*
- *Trades people*
- *Education and training*



TRADING SERVICES POST 31ST DECEMBER 2020

Service firms could face significant new restrictions when trading with the EU

Examples of restrictions on overseas provision of services by GATS mode of services supply outside the EU single market

MODE	EXAMPLE	POSSIBLE CHANGES OUTSIDE SINGLE MARKET	EXAMPLE
Mode 1: Cross border supply	Services supplied cross-border without a supplier or purchaser physically moving, e.g. A UK customer uses a call centre in France	<ul style="list-style-type: none"> A requirement for foreign service providers to establish a commercial presence Regulations on consumer protection that unduly restrict trade 	Requiring a UK bank to open a branch in the EU to sell banking services into the single market after Brexit
Mode 2: Consumption abroad	Service consumed by a resident in another country, e.g. A Spanish nurse training in the UK	<ul style="list-style-type: none"> Travel restrictions to the country where the service supplier is based, and the service is offered Regulations relating to the domestic recognition of overseas degrees and training 	Limiting the recognition in the EU of qualifications earned within the UK
Mode 3: Commercial presence	Service is provided by a foreign company opening a branch office, e.g. An Italian bank opens branches in the UK	<ul style="list-style-type: none"> Restrictions on the establishment of new service provisions through policies such as minimum capital requirements, limits on the share of foreign capital, prohibition of FDI in particular sectors Restrictions on the operation of overseas service providers, e.g. through the requirement of permits and licences 	Requiring overseas providers of services to obtain different or additional licenses as compared to domestic competition
Mode 4: Movement of natural persons	Service is provided by an individual who travels to the country of purchase, e.g. A UK lawyer travels to Belgium to provide legal advice	<ul style="list-style-type: none"> Visa requirements Quotas on the inflow of temporary workers Limitation of the maximum period of stay 	Requiring additional paperwork clearances before a service provider can service an EU based client

TRADING SERVICES POST 31ST DECEMBER 2020 (cont.)

Future of UK services exports to the EU

Negotiation positions and issues

- ❑ Dominance of the EU for UK services is expected
- ❑ Potential market contraction post transition period
- ❑ FTAs and GATS cannot replicate freedoms of Single Market
- ❑ UK's negotiating position
- ❑ Negotiation issues
 - Financial services – regulation and access to the EU single market
 - Mutual recognition of professional qualifications and labour mobility
 - Data and digital services
 - Logistics and haulage services
 - Audio-visual sector

CONSIDERATIONS FOR UK IMPORTERS AND EXPORTERS



Considerations:

- Intellectual Property
- Data flows and GDPR
- Overseas business travel
- EU employees
- Future employment of EU nationals
- Regulation
- Foreign exchange and currency
- Commercial contracts
- Value Added Tax (VAT)

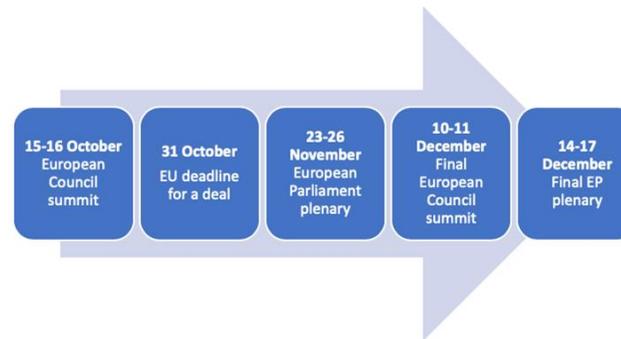


UK-EU TRADE NEGOTIATIONS

NOVEMBER 2020

STATE OF UK / EU NEGOTIATIONS

- ❑ Negotiations on Political Declaration or “future relationship” began 2nd March 2020
- ❑ UK Government’s desire: *“an ambitious, broad, deep and flexible partnership across trade and economic cooperation with the EU, with a free trade agreement with the EU at its core, alongside agreements on security and other areas of cooperation”* [The Future Relationship with the EU publication]
- ❑ UK would like to keep foreign policy, security and defense outside any permanent institutional framework
- ❑ Longstanding issues and obstacles: fisheries and ‘level-playing field’
- ❑ Due to COVID the schedule is significantly delayed, and days remain to strike a deal and prevent a hard Brexit



- ❑ Ratification process simple on UK side, but complex on EU side (qualified majority in the Council i.e. 55% of member states, representing at least 65% of the total EU population)

STATE OF UK / EU NEGOTIATIONS (cont.)

- ❑ Following 9th round of talks, discussions broke down (29th Sept – 2nd October)
 - ❑ **Positive new developments** – on aviation safety; social security coordination; respect of fundamental rights and individual freedoms; and judicial cooperation in criminal matters
 - ❑ **Minimal progress** - protection of personal data; climate change commitments or carbon pricing
- ❑ Remaining 'heavy-weight' obstacles:
 - ❑ State aid
 - ❑ Non-regression from social, fiscal, environmental and climate standards
 - ❑ Governance framework with enforcement and dispute settlement mechanisms
 - ❑ Fisheries
- ❑ Scope for compromise? No 'white smoke' yet. Latest 12-days of intensive talks – Michel Barnier and David Frost are briefing their respective administrations today i.e. 4th November
- ❑ Strike a deal – implementation will take years



HOW TO PREPARE

60-DAY PLAN

60-DAY ACTION PLAN

ACTION	COMPLETED
Check / Obtain EORI numbers (UK mandatory but to you also need an EU EORI?)	
Check commodity codes (are they correct? Duty and taxes?)	
Consider / Apply for a Duty Deferment Account	
Look at simplified procedures and your eligibility	
Look at export pricing scenarios	
Validate origin of goods (examine Bill of Materials)	
Prepare to pay / account for VAT on imported goods (Customs valuation)	
Obtain latest on regulation impacting your sector / products / services	
Understand border requirements for products (documentation for imports and exports – licensing, certification, proof of origin, pre-notification, etc.)	
Review commercial contracts	
Review Incoterms for import and export shipments	
Consider currency and exchange risk	
Review Intellectual property protection	
Examine UK-EEA data flows and GDPR	
Consider current EU employees and future EU hires	
Prepare for changes in EU business travel	
Understand legal obligations and book training (HMRC's Customs Intermediary grant scheme)	
Find a good Customs Intermediary	



SOURCES OF INFORMATION AND SUPPORT

SOURCES OF INFORMATION AND SUPPORT

- ❑ Apply for EORI number - <https://www.gov.uk/eori>
- ❑ New Border Operating Model - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/908534/Border_Operating_Model.pdf
- ❑ Classifying goods – UK Trade Tariff / EU Common External Tariff - <https://www.gov.uk/guidance/classification-of-goods>
- ❑ Subscribe to updates on commodity codes by emailing tariff.management@hmrc.gsi.gov.uk
- ❑ HMRC's Tariff Classification Service (classification.enquiries@hmrc.gov.uk) for non-legally binding advice on classifying goods
- ❑ Obtain a Binding Tariff Information - <https://www.gov.uk/guidance/apply-for-a-binding-tariff-information-decision-notice-600>
- ❑ New UK trade tariff - <https://www.gov.uk/guidance/uk-tariffs-from-1-january-2021>
- ❑ Customs valuation of goods – Notice 252 - <https://www.gov.uk/government/publications/notice-252-valuation-of-imported-goods-for-customs-purposes-vat-and-trade-statistics>
- ❑ Duties and rates applicable to UK goods in export markets - <https://www.check-duties-customs-exporting-goods.service.gov.uk/selectdest> and <https://madb.europa.eu/madb/euTariffs.htm> (view as a third country i.e. China)

SOURCES OF INFORMATION AND SUPPORT

- ❑ Simplified procedures for import and export - <https://www.gov.uk/government/publications/import-and-export-simplified-procedures-application-ce48>
- ❑ Duty Deferment Accounts (DDA) - <https://www.gov.uk/guidance/setting-up-an-account-to-defer-duty-payments-when-you-import-goods>
- ❑ WTO Rules of Origin - https://www.wto.org/english/tratop_e/roi_e/roi_info_e.htm
- ❑ Incoterms - <https://iccwbo.org/>
- ❑ Export control organisation - <https://www.gov.uk/guidance/beginners-guide-to-export-controls>
- ❑ OGEL and Goods Checker Tools - https://www.ecochecker.trade.gov.uk/spirefox5live/fox/spire/OGEL_GOODS_CHECKER_LANDING_PAGE/new
- ❑ Information Commissioner Office (ICO) - <https://ico.org.uk/for-organisations/data-protection-at-the-end-of-the-transition-period/>
- ❑ List of current EU FTAs - http://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/#_partly-in-place
- ❑ Protecting intellectual property - <https://www.gov.uk/intellectual-property-an-overview>
- ❑ UK overseas intellectual property attaché network - <https://www.gov.uk/government/news/uk-overseas-intellectual-property-attache-network>
- ❑ Export market information - <https://opentoexport.com/>

SOURCES OF INFORMATION AND SUPPORT

- ❑ Customs Intermediary Grant Scheme - <https://www.customsintermediarygrant.co.uk/>
- ❑ Training and qualifications - <http://www.export.org.uk/default.asp?>
- ❑ UK Export Finance - <https://www.gov.uk/government/organisations/uk-export-finance>
- ❑ Trade missions - <https://www.events.trade.gov.uk/>
- ❑ Trade associations - <http://www.taforum.org/Members>
- ❑ Translation services - <http://www.atc.org.uk/>
- ❑ Freight forwarders - <https://www.bifa.org/members>
- ❑ Overseas embassies - <https://www.gov.uk/world>
- ❑ Bilateral Business Councils
 - China-Britain Business Council - <http://www.cbcc.org/>
 - UK India Business Council - <https://www.ukibc.com/>
 - UK-ASIAN Business Council - <http://www.ukabc.org.uk/>
- ❑ The Export Department <https://www.exportdept.co.uk>
- ❑ Local Growth Hubs and LEPs
- ❑ Department for International Trade
<https://www.gov.uk/government/organisations/department-for-international-trade>
- ❑ British Chambers of Commerce <https://www.britishchambers.org.uk/page/post-transition-brexite-checklist>
- ❑ UK Government <https://www.gov.uk/transition>
- ❑ Banks and currency specialists

THANK YOU



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