



NEPIC EU EXIT EVENT WITH BEIS & DEFRA

Tuesday 29 January 2019 | The Wilton Centre

WELCOME

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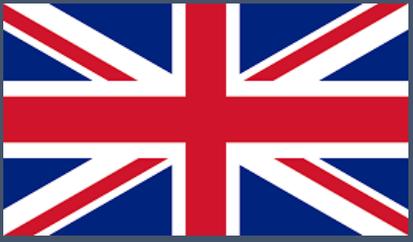
EU Exit Business Readiness



Department for
Business, Energy
& Industrial Strategy

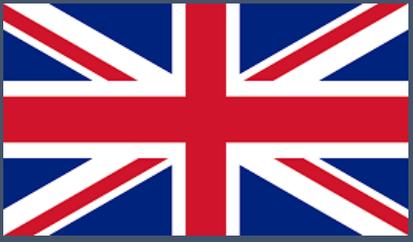
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International Trade Policy
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Chemicals sectors



UK proposal: July 2018

- **No tariffs or quotas on UK-EU goods trade.** The UK would apply the EU's tariff for goods intended for the EU, whilst simultaneously applying its own tariffs for goods intended for the UK, meaning the potential for other FTAs
- **No customs or routine rules of origin checks** between the UK and the EU, as they would be enforced at the UK-ROW border. This removes the need for a physical EU-UK border.
- **Common rulebook for goods**, meaning the UK will make an upfront choice to commit, by treaty, to ongoing harmonisation with the EU rules on goods that are necessary to provide for frictionless trade



UK proposal: July 2018

- **One test in two markets:** products only need to undergo one series of approvals, in either the UK or EU, to show that they meet the required regulatory standards (*e.g. UK businesses still being able to register a substance under REACH from the UK*)
- **Maintaining high standards in environmental, social, employment and consumer regulations, including** an upfront commitment to maintain a **common rulebook with the EU on state aid.**
- **Parliament would have oversight** of the incorporation of these rules in to the UK's legal order - with the ability to choose not to do so, recognising that this would have consequences.

Withdrawal Agreement & Political Declaration: Nov 2018

- Withdrawal Agreement ensures that the UK leaves the EU in an orderly way on 29th March 2019. Includes:
 - a time-limited implementation period until December 2020 that provides a bridge to the future relationship
 - a protocol to ensure there is no hard border in Northern Ireland.
- The Political Declaration sets out a plan for a new free trade area for goods, including no tariffs, with ambitious customs arrangements and deep regulatory cooperation. We will explore the possibility of cooperation in agencies such as ECHA.

The Implementation period

- Will last from **29 March 2019 to 31 December 2020**.
- Allows businesses to continue trading as now until the end of 2020
- During the period, the UK will leave the EU but remain within the single market and customs union. This means that **UK businesses will have access to EU markets**.
- **EU regulations will continue to apply**, however the UK will have limited participation in EU institutions, agencies and bodies.
- The **UK will still be party to existing EU trade deals** with other countries, however the UK will be able to negotiate, sign and ratify its own free trade deals with new partners to start at the end of the period

The Northern Ireland Backstop

- **Would avoid a hard border between Northern Ireland and Ireland and a customs border down the Irish Sea** through a temporary single UK-EU customs territory or through an option to extend the implementation period for a short period of time until the new economic relationship is in place.
- For the movement of industrial goods from Great Britain to Northern Ireland, except in cases of interception on the basis of risk, any checks would be undertaken on the market or at a traders' premises by relevant authorities. Such checks will always be carried out by UK authorities.
- The Protocol also provides for a UK lock on new areas of law being applied; guarantees that UK bodies can continue to approve goods for sale in NI; the continued ability for NI businesses to sell into both the UK and EU markets; and NI exporters being able to benefit in full from future UK trade deals.

Today's main objective

Delivering the deal negotiated with the EU remains the Government's top priority but the Government is accelerating no deal preparations to ensure the country is prepared for every eventuality, including your businesses.

Today, I would like to highlight what changes may affect your business and where you can go for information.



No Deal Planning

- **Preparations across HMG:**

- The EU (Withdrawal) Act became law in June 2018
- Converts EU regulation to UK domestic law
- Allows for Government to make regulations to correct deficiencies
- Statutory Instruments (SIs) correct deficiencies to ensure that regulations are operable for the UK

- **Areas to cover today:**

- Tariffs
- VAT
- Rules of Origin
- Customs and the Border
- Mobility

Tariffs

- In the event of a 'no deal' exit, goods traded between the UK and EU will be subject to tariffs. Have you checked what tariffs would apply to your goods?
 - You can check at www.gov.uk/trade-tariff
- Have you reviewed your contracts and International Terms and Conditions of Service (INCOTERMS) to show that you are now an importer/exporter and establish responsibilities with your suppliers and customers?
- Have you checked whether you could save money/cash flow by using a duty relief or deferment scheme?
 - Inward Processing Relief
 - Customs warehousing when you wish to store goods duty and VAT free
 - Duty suspensions and tariff quotas for raw materials, parts or half-finished products

VAT

- The Government will introduce postponed accounting for import VAT. This means that UK VAT registered businesses will be able to account for import VAT on their annual return, rather than paying at the time that the goods arrive at the UK border. This will apply both to imports from the EU and non-EU countries.
- However, EU Member States may charge local VAT at the border, so you are advised to check local procedures in each EU Member State you sell to.
- If you're a VAT registered business, you will continue to be able to zero-rate sales of goods to EU businesses from a UK VAT perspective but you won't be required to complete European Commission Sales List. Instead, you will be expected to keep evidence to prove that the goods have left the UK. If you are selling goods to EU consumers, distance selling arrangements will no longer apply to your business and you will be able to zero-rate the sales.



Rules of origin



Rules of origin ensure only countries that are party to an agreement can benefit from the preferential access (reduced or zero tariffs) to each others markets.

- The UK does not want routine rules of origin requirements to impact EU-UK trade
- ...but all standard Free Trade Agreements we make with other partners will have them
- We are therefore working with trade representatives and individual businesses to ensure that UK negotiating aims reflect business needs. Can you help us?



Customs and the Border

Customs Declarations

All goods moving into or out of the UK will now require the completion of a Customs Declaration



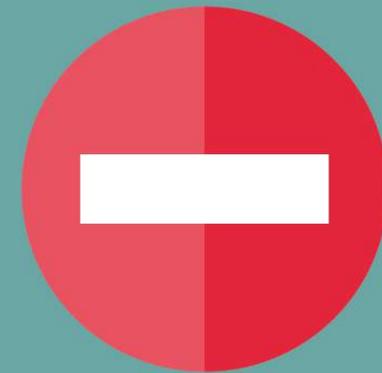
Safety & Security Declarations for goods

All goods moving into or out of the UK will now require the completion of a Safety & Security Declaration



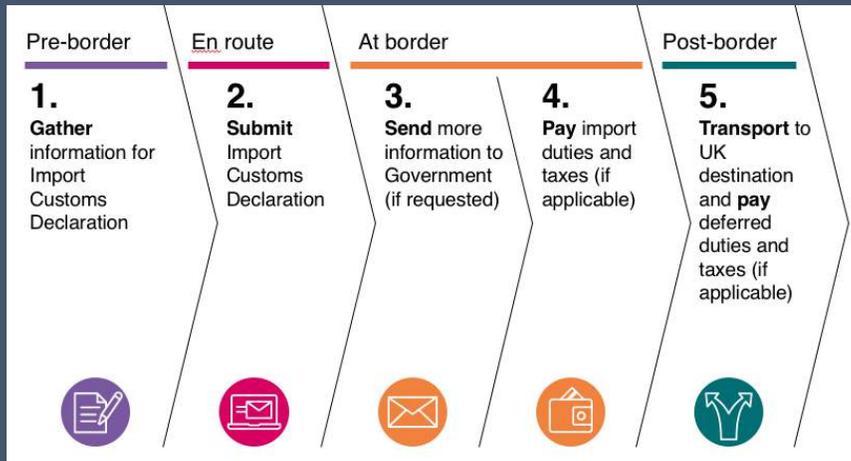
Controlled Products

Certain goods moving into or out of the UK will now require additional certification and/or licences



Import & Export Customs Processes

Import Process



Export Process



- **Ensure you have Economic Operator Registration and Identification (EORI) number**
- Confirm if tariffs apply to your goods, look up commodity and customs procedure codes
- **Confirm you can complete required fields in the Customs Declaration form and Export Customs Declaration.** Do you need to make changes to your processes / IT systems to comply?
- Share information with your customs agent / freight forwarder if using one
- Have you spoken to suppliers and customers about the preparations they are making?
- Decide whether to set up a deferment account for your import payments in addition to the available deferment of VAT payment

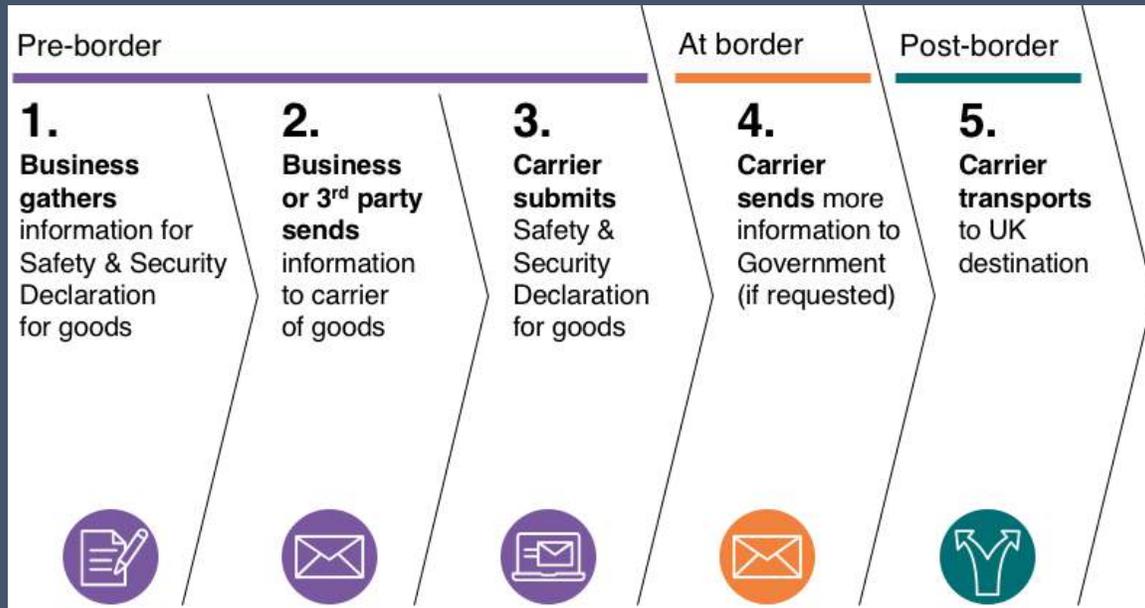
Example Customs Declaration Info

Group Description

- 1 Message Information (including Procedure Codes)
- 2 References of Messages, Documents, Certificates and Authorisations
- 3 Parties
- 4 Valuation Information and Taxes
- 5 Dates, Times, Periods, Places, Countries and Regions
- 6 Goods Identification
- 7 Transport Information (Modes, Means and Equipment)
- 8 Other Data Elements (Statistical Data, Guarantees and Tariff Related Data)

Safety & Security Declarations

Import Process



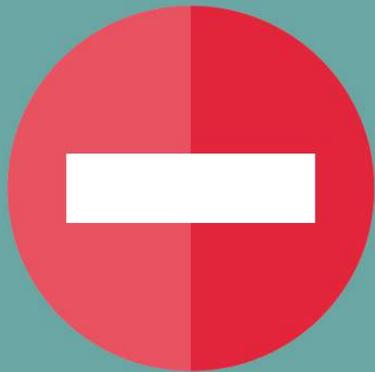
Confirm your carrier can complete **each required field** to fulfil **Safety & Security Declaration** requirements for your goods

Make sure carrier is aware of responsibility to submit Safety & Security Declaration **two hours before arrival** in the UK, or **one hour before check-in** if using Eurotunnel

Other Certification and Licences

Controlled Products

Certain goods moving into or out of the UK will now require additional certification and/or licences



- Check that your goods do not need import/export licences or prior informed consent - examples of products which require these are hazardous chemicals (PIC regulation), drug precursors
 - UK will develop system to replace ePIC – not same degree of IT functionality
 - Exporters would need to notify via HSE any exports of PIC-listed chemicals to EU member states as well as to the rest of the world
- Check that your exports are not subject to quotas or bans e.g. fluorinated gases / ozone-depleting substances, mercury

AEO and simplified customs procedures

Have you considered applying for Authorised Economic Operator (AEO) status? Benefits of AEO (C) include:

- A faster application process for customs simplifications and authorisations
- A notification waiver when making an Entry in Declarant's Records (EIDR), helping manage cash-flow by allowing fiscal data to be provided later.
- A 70% reduction in a deferment account guarantee

Benefits of AEO (S) include:

- A lower risk score – used to decide how often customs carry out physical and documentary checks
- Consignments being fast-tracked through customs control

UK-EU businesses using Ro-Ro locations will be able to register to use simplified customs procedures (such as EIDR), subject to basic criteria. Businesses who register with HMRC will be able to provide either a simplified frontier declaration before they arrive at the port, or make a declaration in their own records, to which HMRC can request access, rather than making a full declaration up front. Businesses will also need to submit a supplementary declaration but will have up to 30 days to do so. HMRC will publish further information about this temporary simplification in the coming weeks.



Logistics and the border



- No-deal could mean significant delays, especially for Ro-Ro locations
- Have you reviewed the way you transport your goods? Do you use Ro-Ro freight routes via the English Channel?
- Has your freight provider told you what information they may need from you to keep your goods moving?
- UK-issued Community Licences will not automatically be accepted by the EU
- There is a limited number of ECMT permits but the Government would aim to negotiate further permits should there not be a deal
- The UK has now had its independent membership of the Common Transit Convention confirmed
- You can find more information about freight forwarding, customs agents and logistics on the [British International Freight Association](#) and [Institute of Export](#) websites.

HMRC Partnership Pack

- HMRC has published a **Partnership Pack** on GOV.UK. This brings together relevant ‘no-deal’ advice on customs, VAT and all border-related procedures into one place and is **designed to help businesses of all sizes and shapes to get ready**. The Partnership Pack is regularly updated and has links to other resources, plus step-by-step guides to importing and exporting.
- Please also sign up for email alerts.
- Advice line- 0300 200 3700





Future Immigration System – White Paper

- **Skilled workers route** will be open to highly skilled and skilled individuals. This will include:
 - Qualification Threshold - RQF3 (A-level equivalent) and above
 - Salary Threshold (currently set at £30,000, but to be determined following 12 months of engagement)
 - Potentially a lower salary threshold for occupations on the SOL
 - Sponsorship by an employer but no Resident Labour Market Test
 - No cap on numbers of skilled workers
 - Review on the administrative burdens to keep costs low
 - Nationals from low risk countries may apply for the skilled workers visa whilst in the UK
- **Temporary workers route**, as a transitional measure.
 - Allow people to come for a maximum of 12 months
 - A cooling off period of 12 months between stays
 - All skill levels, with the ability to move between employers and no sponsorship requirement
 - No access to benefits, ability to bring dependents or right to switch to other routes
 - Open to individuals from low-risk countries (which are still to be decided)
 - Review of temporary workers route by 2025



Future Immigration System – White Paper

- Introduction of an Electronic Travel Authorisation (ETA)
- Continue to invest in modern technology e.g. E-gates
- **Do not intend to require citizens of current EU Member States to obtain a visit visa.**
- Continuation of specialist routes e.g. Tier 1, Tier 5

- Extend post-study length of stay for International Students
 - Six-months post-study leave to all Master's students
 - Six-months post-study leave to all Bachelor's students at institutions with degree awarding powers
 - Students studying at Bachelor level and above can switch into the skilled workers route up to three months before the end of their course, and two years after graduation



Future Immigration System – Home Office Engagement

- The Home Office will be conducting 12 months of engagement, supported by government departments. The areas they will specifically engaging on are:
 - The duration and cooling off period of the temporary workers route
 - Salary threshold of the skilled workers route
 - Salary thresholds for graduates entering skilled workers route
 - Administrative burden and costs, and sponsorship duties



EU Settlement Scheme

- EU citizens in the UK before 31 December 2020 will have until 30 June 2021 to apply to the EU Settlement Scheme to ensure they have permission to stay on in the UK after the end of the Implementation Period.
- In a no deal scenario, EU citizens in the UK before 29 March 2019 will have until 31 December 2020 to apply.
 - Applying for Settled Status - Employer Toolkit
 - Settled Status
 - Pre-Settled Status
- **EU citizens protected by the agreement will continue to be able to work, study and establish a business in the UK as now.** EU citizens with settled status or pre-settled status may access healthcare, pensions and other benefits and services in the UK, as they do currently.
- We encourage you to communicate with your staff to inform them about the Settlement Scheme, encourage them to apply when the scheme is opened, and reassure them about their rights and status.

There are hundreds of issues. What have we not mentioned?

- Product standards
- Emissions and energy
- Industrial processes
- Financial services
- Data
- Workers Rights
- Providing services
- Trade remedies

...and many more





Your role (if you are willing!)

Inform Government (through BEIS and other Departments) about:

- Supply chain dependencies
- Growth and investment opportunities/risks
- Tariff and rules of origin impacts
- Customs and the border, including logistics – how do you need to move your goods?
- Regulations and standards – What ones do you rely on? What do you want to keep?
- Movement of people, skills and R&D
- How you are preparing your business for the potential of different trading arrangements



Department
for Environment
Food & Rural Affairs

EU Exit - REACH

Alun Williams – External Stakeholder
Engagement, Defra



Forestry Commission
England



Environment
Agency

UK proposals for the future economic partnership reflect industry priorities

The UK proposals published July 2018:

- The UK would be an active participant in ECHA, albeit without voting rights, which would involve making an appropriate financial contribution.
- UK businesses would continue to register chemical substances directly with ECHA, rather than working through an EEA-based representative.
- The proposal for a 'common rule book' would include all chemical regulations where ECHA has a role, including REACH, CLP and Biocides.

The aim is to minimise regulatory burdens

An Implementation Period would allow time to negotiate the future economic partnership

- No change for UK / EU business
- EU legislation continues to apply in the UK subject to the terms set out in the Withdrawal Agreement
- UK no longer able to act as a “lead authority” in regulatory regimes
- Limited UK Government participation in EU institutions, agencies and bodies.
- No vote for UK in decision making.

No Deal contingency planning work is underway

In the event of a no deal, the UK would:

- Ensure UK legislation replaces EU legislation.
- Bring REACH into UK law, while making technical changes that would need to be made because the UK has left the EU.
- Establish a UK regulatory framework and build domestic capacity to deliver the functions currently performed by ECHA.

UK Government approach aims to minimise disruption and prioritise stability

We are working to ensure that:

- New UK regulatory systems will mirror the existing EU systems as far as possible in order to minimise costs to industry.
- We minimise disruption to integrated supply chains for chemicals.
- The UK continues to be able to monitor and evaluate chemicals in the UK to reduce the risk posed to human health and the environment.
- Existing standards of protection of human health and the environment would be maintained.
- Businesses are aware of what they need to do

Business will have to engage with UK and EU regulatory systems

Businesses looking to operate in both UK and EU markets will need to deal with two regulatory systems.

- There are unavoidable impacts on industry.
- There are actions business would need to take.

To maintain access to the EEA market:

- UK REACH registration holders will need to transfer their registrations to an EEA-based organisation (such as an affiliate, an importer or an Only Representative).
- The ECHA website provides some guidance on this (with more updates promised).

Access to the UK market – existing registrations held by UK businesses

- UK Government will **grandfather** existing UK EU REACH registrations into UK REACH. Registrations and authorisations in place on the day of exit would **continue to be valid for UK trade**.
- A new IT system is being built so that it is ready to support registrations of chemicals in the UK from March 2019.

To maintain UK market access existing UK based REACH registrants would need to:

- Open an account and provide some basic information on their existing registration on the new UK IT system in the first **60 days** of the UK leaving the EU.
- Supporting data packages (identical to those for supplied to ECHA) would need to be submitted within **two years** of the UK leaving the EU.

Access to the UK market – actions for existing EEA based REACH registration holders

New requirements on UK based importers importing REACH registered chemicals from EEA.

- UK importers would have a duty to register chemicals. This would apply to those companies who don't currently hold a REACH registration but import REACH registered chemicals from the EEA.

This would mean that UK based importers would need to:

- Notify the UK authority and provide some basic data in the first **180 days after EU exit**, and undertake a full registration at a later date.

EEA businesses could choose to appoint a UK-based 'OR' to access the UK market, full registration would also be required.

New REACH registrations

To register a new chemical for the EU and UK market industry would need to:

For the EEA market, UK companies must register with ECHA via an EEA based customer or Only Representative.

For the UK market, UK companies set up an account on UK REACH IT and register the new chemical.

- Registration requirements will be as close to ECHA's current system as possible to reduce burden on industry.
- For example, UK REACH will require exactly the same IUCLID dossier as ECHA, so industry would send the same information to both agencies.

EEA companies rely on UK-based customer or appoint a UK-based Only Representative

Applications for authorisations would need to be submitted to the UK Regulator as well as ECHA

Authorisations and Restrictions

- Existing EU authorisations held by UK manufacturers, importers and Only Representatives will be grandfathered into the UK. Authorisation holders will need to provide some data to the UK Agency.
- UK companies that have submitted authorisation applications to ECHA, and ECHA have not yet submitted an opinion to the EU, would need to resubmit their dossier to the UK Agency.
- For authorisation applications awaiting EU decision following ECHA, and ECHA's (RAC/SEAC) opinion, applicants will be required to notify the UK Agency of the application and provide copies of the application and any other information that led to ECHA's formation of its opinion.

Authorisations and Restrictions: Importers

- After Exit, there will be “upstream” authorisations held by an EU-27 company upon which UK downstream users are dependent. These authorisations will not be grandfathered into UK REACH.
- To allow UK downstream users to continue benefit from these authorisations. The UK downstream user would be required to notify the UK Agency:
 - They are an existing authorised downstream user under EU law in relation to the substance.
 - The existing EU authorisation, any conditions set out and the identity of the supplier.
- All existing EU REACH Restrictions will continue to stand in UK REACH.

Next steps

- We have published further guidance on the ‘no-deal’ scenario to allow you to prepare.
- We would like your feedback to inform this, for example:
 - What do you not understand from the Technical Notice and the additional guidance?
 - What are the gaps in the Technical Notice and the additional guidance, or where is further guidance required?
 - How can we work together to get these messages out to the sector and down stream users?

Questions and Feedback