

CUSTOMS, CLIENTS AND CONTINGENCY: PLANNING FOR LIFE AFTER BREXIT

For something as apparently definitive as the vote for the UK to leave the European Union, discussions of the shape which Brexit should take have been anything but clear-cut in the two years since the referendum.

In fact, only weeks before the expiry of a deadline set by Brussels for the conclusion of withdrawal negotiations, it is still far from certain whether there will be any deal in place before the end of March next year, when Britain is no longer a member of the European Union.

Instead of certainty, we've been confronted with almost as many proposed exit strategies (Norwegian, Swiss, Turkish, WTO, Canadian and, now, even Super-Canadian) as there are different types of latte available from our local coffee shop.

Just like consuming too much caffeine can raise the heart-rate and induce a slight sense of anxiety, the lack of clarity about what the post-Brexit reality will actually be like is not helpful to businesses trying to plan for the future, especially those reliant on exports to or from Europe.

So, we at Simarco have drawn together a brief guide on the points which we believe will be of the greatest assistance for your business.

They include:

- **Chequers and 'no-deal': the key differences**
- **Withdrawal alternatives**
- **Anticipating the risks**
- **Customs, delays and contingency**

Chequers and the 'no-deal'

The so-called 'Chequers' plan was reached after a meeting of Cabinet ministers at the Prime Minister's country estate in July.

It seeks to achieve the most seamless transition from the UK's membership of the EU to life as a non-member state, retaining a single market for goods (a separate agreement would be

required for professional services), no customs clearance and no hard border between the Irish Republic and Northern Ireland.

However, the proposals were rejected during a meeting of European leaders in Salzburg in September, adding to fears that a 'no-deal' Brexit is the likely outcome.

That would see all goods being subject to customs clearance, a prospect which could have considerable implications for any company doing trade with any country remaining in the EU.

Withdrawal alternatives

No fewer than five alternatives to the Chequers plan have so far been advanced, based on arrangements already struck between the EU and individual countries (Norway, Switzerland, Turkey and Canada).

Whilst adopting the same or similar deals would provide some benefits for the UK (for example, Norway is a full member of the Single Market), all would involve more customs-related paperwork and procedures.

Boris Johnson admits that whilst his new 'Super-Canada' deal would entail greater customs clearance work, he believes that companies trading across EU borders will be able to rely on technology to reduce possible hold-ups.

He is also demanding "zero tariffs and zero quotas on all imports and exports" between the UK and the EU.

If none of those positions can be agreed, the UK would automatically fall back on rules agreed between the EU and the World Trade Organisation (WTO). That would, broadly, mean the application of variable, sector-specific tariffs.

Anticipating the risks

Taking all the options currently available, there seems little doubt that companies engaged in any amount of trade with the EU will be affected to some degree.

That exposure is also likely to have some bearing on your costs and your processes. Dealing with more administration and taking more time to move goods across borders will potentially add to your operational costs, as will any tariffs which are required.

We believe, therefore, that it's well worth investing some time immediately to consider how much direct or indirect business you do with the EU.

By that we don't only mean whether you import or export goods which are entirely produced in the UK or a single European state. Perhaps component parts of your products originate in the EU, even if you don't buy those things directly from their ultimate country of origin.

Can you also reduce the possibility of deal and higher, tariff-related costs by 'off-shoring' transferring stock and processes to countries remaining which will continue to be EU members?

Customs, delays and contingency

Even before the details of any extra procedures or tariffs are known, it is still possible to do some very useful preparation.

For instance, every consignment crossing into or out of the EU after Brexit is completed will involve far more thorough documentation, such as a Certificate of Origin – a declaration that goods have been wholly produced in a single country.

The prospect of more documentation may well mean having to invest in additional personnel, equipment or systems to ensure that it doesn't become a distraction from your principal line of business.

Simarco has more than two decades' experience in handling urgent and essential customs processes for businesses worldwide.

Furthermore, we were granted something known as Authorised Economic Operator (AEO) status more than five years ago.

It is an internationally recognised 'quality mark', available to firms playing an active part in the international supply chain.

Our clients have already benefited from simplified customs procedures, less documentation checks and a smooth transit between borders – the very things which will be at a premium once the terms of Brexit are finally tied up.

Cross-border trade after Brexit is bound to be a challenge for many businesses.

Simarco has undertaken rigorous preparation and put in place contingencies which we believe will enable us to continue to thrive regardless of the outcome of withdrawal negotiations.

We have also been closely involved in planning with several clients – large and small – to help them minimise the negative impact on their businesses.

If you would also like our assistance, get in touch.

Together we can do our best to make sure that even a 'no-deal' doesn't have to be no good for your company's future prospects.