



BPE Global Hot Topic—November 2018

Checklist for Brexit: Deal or No Deal

This month's riveting Brexit developments have no doubt captured your attention as well as the attention of your colleagues and friends. Having trade compliance responsibility in your organization likely means you've been approached for intel on what the recent developments could mean for your company. This month's Hot Topic summarizes the Brexit developments to-date and provides a checklist recommendation of the departments and topics to consider while prepping your Brexit game-plan. As we wait for news of "Deal" or "No Deal," now is the time to drive this discussion.

BREXIT-TO-DATE

In June 2016, the United Kingdom voted to leave the European Union. Brexit is the nickname for "British exit." In March 2017, U.K. Prime Minister Theresa May submitted the [Article 50](#) withdrawal notification to the EU. It gave the U.K. and EU until March 29, 2019 to negotiate an agreement. On November 14, 2018, Prime Minister May's cabinet approved the plan in a 585 page [Draft Withdrawal Agreement](#), followed by three members of her cabinet resigning on November 15, 2018, in opposition of the deal. At the November 25th EU Summit, the deal received the backing of the leaders from the 27 other countries in the EU.

BREXIT NEXT STEPS

The U.K Parliament will vote on the Brexit deal in December. If the vote is approved, the U.K. will be on track to leave the U.K on March 29th, 2019 with the transition period until December 2020. However, as the deal has been contentious within the U.K. government, there is no guarantee of the outcome. Organizations should heed the preparation advice of the U.K. government which in their July 2018 [white paper](#) stated, "our duty as a responsible government (is) to prepare for all eventualities, including 'no deal', until we can be certain of the outcome of those negotiations." Organizations too should be preparing for all eventualities.

POTENTIAL OUTCOMES

Of several possible outcomes following Brexit negotiations, the front runner considerations are as follows:

1. "Deal" Brexit
 - i. This means the U.K. government and the EU sign a Withdrawal Agreement which is then ratified by the UK Parliament and the European Parliament.
2. "No Deal" Brexit
 - i. "No Deal Brexit" is the scenario in which the U.K. leaves the EU without an agreement. The U.K. government maintains this remains unlikely given the mutual interests of the UK and the EU in securing a negotiated outcome
3. No Brexit
 - i. Many are campaigning to remain in the EU by having another referendum arguing that the original voters did not grasp full implications of Brexit.

DISCUSSION CHECKLIST

Below are certain departments and considerations that may be impacted by Brexit; deal or no deal.

- **Trade Compliance**
 - Drive the conversation using this checklist for each outcome outlined above.
 - Dual use items from the U.K. to EU would require an export license and vice versa
 - Look at existing export licenses issued in the UK
 - Classify and value goods correctly for import, export and customs documentation for U.K. supply chain

- **Tax and Finance Departments**
 - VAT impact and deferment options
 - Plan for customs duties for imports in and out of U.K.
 - “Deal” Brexit may result in new preferential trade agreements
 - “No Deal” Brexit will apply WTO MFN duty rate
 - Register for an Economic Operator Registration and Identification (EORI) number for shipments in/out of UK to EU
 - An EORI number is required for any party intending to import to, or export from, the EU.
 - Movement of goods between countries within the EU is described as “arrivals and dispatches” vs goods moving across EU borders are “imports and exports”
 - If the U.K. separates from the EU, movement of goods in and out of UK will require an EORI for its shipments to the EU.

- **Contracts and Product Compliance Departments**
 - Review contracts for INCO terms
 - Update contracts and commercial invoices to reflect “importer” and exporter” language
 - Update contracts and commercial invoice with specific product compliance language
 - Certain product may require declaration of complying with EU safety legislation

- **HR Department**
 - EU nationals in UK, UK nationals in EU
 - Visa considerations

- **IT Department**
 - GDPR compliance
 - Cannot store customer data in the UK. Will need to move to a server in an EU country.

As trade compliance professionals, we are at the intersection of many of the departments that could be affected by Brexit. If your organization has not started addressing some of these considerations, now is the time to address and set a plan in motion.

As always, BPE Global is in your corner and is happy to assist in any capacity. You can follow us on [LinkedIn](#) where we publish topical opinions on the ever-changing rules and regulations governing the landscape of global trade.

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