British Chambers of Commerce

Exiting the UK – Urgent Issues for the End of Transition – Summary

1. The UK exited the EU on 31 January 2020. The Transition Period will end on 31 December 2020, at which point UK businesses and their trading partners will have to adapt to new rules and practices. Negotiations to establish a trade arrangement between the UK and EU are underway, and a ‘no-deal’ exit is still wholly possible.

2. The British Chambers of Commerce has evaluated the quality of official guidance to assess whether it provides sufficiently clear, complete, visible, timely and actionable information which businesses can use to prepare for change. **This is not an assessment of the impact of a deal or no-deal exit or a judgement on the desirability of the policy change in each case. It is an assessment of how well businesses can act on the basis of the guidance available.** This is consistent with our approach to previous milestones for the UK’s exit from the EU.

3. Of the 35 issues most often raised by companies to us, only 9 are marked Green; with 7 Red and 19 amber. A Red mark indicates wholly inadequate information on which to plan, and the key areas graded Red are:

    a. **EU Structural Funding** – EU Structural Funds will have provided, it is estimated, over €10 billion into the UK in the period 2014-2020, triggering just around another €9 billion in matched funding. From the end of 2020 this funding will cease.

    A ‘Shared Prosperity Fund’ was highlighted as a replacement by successive UK Governments, including in the current Government’s 2019 manifesto, the previous administration having committed to consult by 2018. At present, we have seen no substantive detail on how the Fund will operate and there has been no consultation.

    There remains no actionable information for businesses on how the funding gap this creates will be managed. There is a clear risk of funding ‘cliff edges’ for many programmes, including in areas with significant ‘Levelling Up’ needs;

    b. **Food and Drink Labelling** – food and drink goods produced in the UK will not be able to use EU logos after 1 January 2021. There remains no actionable guidance on what new labelling businesses must use to sell these products in both the EU and Northern Ireland in just over 100 days;

    c. **Dispute Resolution** – when trading commercially with companies in the EU, UK companies need to know how disputes with their trading partners will be resolved once the Court of Justice of the European Union ceases to have direct jurisdiction. There is presently very little to no information about how this will happen;

d. **Tariff Free Imports from Less-Developed Countries** – under the EU's Generalised Scheme of Preferences ('GSP'), certain goods from certain countries can be imported at low or zero tariff rates. The UK Government has said it will largely replicate the scheme, but we have not seen details of the new administrative design of it;

e. **Rules of Origin** – these allow certain manufactured goods to be treated as manufactured in a particular place, even where their components have been sourced from, designed in or partly manufactured elsewhere, for the purposes of (preferential) tariff schedules. Outside of a number of agreed 'roll over' arrangements, there is very little certainty about how these crucial rules will operate in future;

f. **GB to NI Trade** – should the Northern Ireland Protocol come into force, subject to alteration at law, goods moving from GB to NI will be subject to full customs procedures (unlike goods moving in the other direction). Irrespective of the clauses of the Internal Market Bill, there is very little detail on how these will work agreed with the EU. The Border Operating Model explicitly excludes this border; and

g. **Quotas** – quotas are limits on a specific good which can be exported or imported at a set tariff rate. There is currently no guidance on tariff rate quotas or the underpinning administrative procedures for UK businesses.

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