

## Business Readiness / Brexit / Transition FAQ 2020

V1. 01/09/2020

### *Trade negotiations*

#### **Q: What is the progress for negotiating sectorial annexes, e.g. for chemicals?**

- David Frost, the UK Chief Negotiator, provided a statement following the conclusion of Round 7 negotiations with the EU last week.
- The UK is seeking to agree an FTA with provisions on Technical Barriers to Trade (TBT), including annexes facilitating trade in specific sectors such as medicines and chemicals.
- We have published draft legal texts, including for our proposed TBT annexes. These texts are the legal articulation of the Approach document we published on 27 February setting out our approach to negotiations, and have been used in discussions with the EU to underpin the proposals set out in that document.
- We will keep working to bridge the gaps where differences remain and engage constructively and in good faith as we have done throughout this process.

#### **Q: Can you share information on rules of origin and UKCA mark - both are very important to Sports Industry**

##### **Rules of Origin**

- The Political Declaration sets as an aim a zero tariff and zero quota FTA. We would like to achieve that. The Government is working to try and ensure an outcome, with the best modern Rules of Origin, that represents business interests across the UK.
- **Background:** To access reduced or zero tariffs in a UK-EU FTA, businesses will need to demonstrate the product complies with a specific rule of origin. Generally there are three types of product specific rule:
  - Value add rule: requires the manufacturer ensure a % of the value of the product was generated in the FTA.
  - Change in tariff rule: requires the manufacturer to ensure a tariff classification change has occurred in the production of the product.
  - Specific processing rules: require the manufacturer to prove they meet a specific process.

##### **UKCA Marking**

- The UKCA (UK Conformity Assessed) marking is the new UK product marking to be used for certain goods being placed on the GB market.
- The UKCA marking will only be recognised as demonstrating compliance with UK regulations from 1 January 2021.
- Manufacturers can affix the UKCA marking before this date – however during the transition period it is also necessary to use the CE marking in line with EU regulations.
- The requirements for affixing the UKCA marking immediately after the end of the transition period will mirror those for the CE marking. This includes both the essential requirements and the harmonised standards that can be used to give presumption of conformity.
- After the end of the transition period you can place the UKCA and CE marking on the same product if it is destined for both markets so long as the product meets the relevant regulatory requirements for both markets.

- Transitional measures relating to the UKCA marking:
  - The UKCA marking will be recognised as demonstrating conformity for the GB market from 1 January 2021.
  - For 24 months after this date (until 1 January 2023), you have the option to affix the UKCA marking on a label affixed to the product or on an accompanying document. The economic operators (whether manufacturer, importer or distributor) should take reasonable steps to ensure the UKCA marking remains in place.
  - From 1 January 2023, the UKCA marking must, in most cases, be affixed directly to the product. You should start building this into your design process ready for this date.
- In terms of the status of the CE marking in the UK after 1 January 2021, the previous guidance is under review and we will be publishing updated guidance shortly onto gov.uk. In the meantime, we would recommend signing up to updates on <https://www.gov.uk/transition>.

**Q: Can you give an update on import tariffs for petroleum products?**

- From 1 January 2021, the UK will apply a UK-specific tariff to imported goods. This UK Global Tariff (UKGT) will replace the EU's Common External Tariff, which applies until 31 December 2020.
- The UKGT will apply to all goods imported into the UK unless:
  - an exception applies, such as a relief or tariff suspension
  - the goods come from countries that are part of the Generalised Scheme of Preferences
  - the country you're importing from has a trade agreement with the UK (and the good meets the trade agreement's Rules of Origin)
- The UKGT rate on specific products can be found here: <https://www.check-future-uk-trade-tariffs.service.gov.uk/tariff>

**Q: What is the state of play on business travellers/mode IV please? Can you say anything about contingency plans for business travel if no negotiated outcome?**

- We understand the importance of ensuring reciprocal measures on the entry and temporary stay of natural persons for business purposes (Mode IV) that will provide businesses across the UK and the EU the legal certainty and administrative clarity they need to continue meeting, exchanging and delivering services, with as few barriers to trade as possible. Any commitments the UK takes will be without prejudice to, and consistent with, the UK's future points-based immigration system.
- As set out in the government document 'The Draft UK-EU Comprehensive Free Trade Agreement', published 19 May 2020, in ongoing negotiations with the EU we want to build on precedent agreed by the EU with Canada and Japan on Mode IV, with comprehensive provisions for services exporters who, in person or through their employees or contractors, need to move between the UK and the EU.
- In contrast, 'The Draft text of the Agreement on the New Partnership with the United Kingdom' published by the EU Commission on 18 March 2020 sets out a Mode IV position that does not significantly evolve from, and in some cases is below the precedent set by EU-Japan and CETA. For example, on length of stay for short-term business visitors, the EU offers 90 days in 12 months. In contrast, the UK permits for 90 days in any six-month period, in line with best precedent in the EU-Japan EPA and CETA.
- Specifically, the UK would like to explore building on best precedent when it comes to the permitted activities for short-term business visitors, including taking commitments in this category for the first time. CETA and EU-Japan currently cover a limited range

of activities such as attending meetings and events. We are therefore, keen to discuss and explore aspects of the permitted activities list, where it is mutually beneficially to do so.

- We understand the significance of agreeing reciprocal commitments on contractual service suppliers (CSS) and independent professionals (IPs), which provide a route for temporary service providers, both employees and the self-employed, to travel to the UK or the EU, while not entering the local labour market. As set out in our published position, we are keen to explore how to build on previous EU FTAs in this space.
- We also recognise the importance of reciprocal commitments on intra-corporate transferees (ICTs) that allow UK, and EU-based companies certainty to move staff temporarily between offices and to deploy expertise and transfer knowledge where necessary. Building on existing FTA precedent, and to provide more flexibility for businesses long-term, the UK is proposing to offer a longer length of stay than previously included in EU FTAs and is looking to agree requirements for accompanying spouses, partners and children that reflect modern family life.
- Unfortunately, we cannot provide a running commentary on live negotiations.

### Useful Links

- Travel Guidance: <https://www.gov.uk/foreign-travel-advice>
- Entry Requirements: <https://www.gov.uk/government/collections/providing-services-to-eea-and-efta-countries-after-eu-exit>
- Further Guidance: <https://www.gov.uk/visit-europe-1-january-2021/business-travel-extra-requirements>

*Staging of controls at the end of the Transition Period, Northern Ireland guidance and Customs grant schemes*

**Q: Northern Ireland: any intelligence on when the JC will report on the final operational model under the NI Protocol as it affects GB/NI trade?**

- We do not have a date to share the outcome of the JC discussions on NI, we will share further information on this as soon as it is available.

**Q: Is the speaker saying that CFSP is not required Jan-Jul and that EIDR alone is ok until a full supp declaration is submitted?**

- Businesses moving goods into GB under the stage approach where the goods are NOT controlled goods will be required to keep records of their imports and submit the information via a supplementary declaration after 6 months. Authorisation will not be required to use this process for the initial 6 months. Any duty will be paid via an approved duty deferment account when the supplementary declaration is made. To be able to make supplementary declarations a business must be authorised for CFSP, or use an intermediary who is authorised.

**Q: So are goods in storage assumed to be placed on the market when they arrive or only once they are moved and checked?**

- Temporary storage is a form of storage for customs purposes that allows goods to be kept in a secure TS location on import for up to 90 days before customs declarations are made and any duty paid. To leave TS goods must have relevant import

declarations completed and receive customs clearance before they can be released to free circulation or placed into another customs process.

**Q: In 2019 at a previous forum, Government stated that the priority on imports and exports post transition period was firstly security then flow then revenue. is this still the case?**

- In light of Covid-19 and the limited time remaining before the end of the transition period, HMG have agreed that whilst it is still the policy intention for full controls to be introduced at the UK border, they will now be introduced in stages from January 2021 onwards.

**Q: What happens to NI protocol if no deal with EU?**

- The NI Protocol was signed up to by the UK government at the same time it signed up to the Withdrawal Agreement, it will come into effect at the end of the transition period whatever the status of a Free Trade Agreement between the UK and the EU. The Protocol is a practical solution to avoid a hard border with Ireland whilst ensuring the UK, including NI, leaves the EU as a whole.

**Q: The NIP guidance was issued subject to eventual FTA and also subject to matters still under discussion - what are the latter?**

- The Business Guidance sets out a number of areas that are still under discussion with the EU including where the EU's tariff should be charged on goods moving into NI where they are at risk of entering the EU. There are also ongoing discussions around VAT and excise.

**Q: TSS: is it only available to firms based in NI, and firms in GB who trade with NI? A support mechanism is also important for GB to EU, where the compliance issues are as acute as for GB/NI trade**

- The trader support service is being put in place to support the Government's commitment to support businesses with processes required under the NI Protocol. It is not available to support trade between GB and the EU. The stage approach has been introduced to support businesses in adapting to new requirements. In addition grant funding is available to businesses and intermediaries to support them in building capacity to meet new import and export requirements for trade with the EU.

**Q: CDS system isn't used in all sectors at present but appears to be needed for all NI goods movements - is more work being done to ensure CDS is ready?**

- CDS is the core platform for NI declarations. In addition to ongoing readiness work to support businesses in migrating to CDS the Trader Support Service will make declarations into CDS on behalf of traders.

**Q: For IT improvements, I recall that there was criterion that it only applied to business of less than 250 employees, is this still the case?**

- This criteria has been removed for the new wave of the grant scheme. Guidance on the grant scheme can be found here: [www.gov.uk/guidance/grants-for-businesses-that-complete-customs-declarations](https://www.gov.uk/guidance/grants-for-businesses-that-complete-customs-declarations)

*Becoming a TrustMark registered business*

**Q: How can businesses become accredited with the standards element of the requirements - PAS (2019) - and how long will this roughly take each firm & how much will this typically cost?**

- Installers must meet Publicly Available Specification Standards to install energy efficiency measures. All work under the Green Homes Grants will need to be to Publicly Available Standard (PAS) 2030: 17; however installers can also be registered to PAS 2030: 2019. Timing will depend on the level of experience for the particular measure e.g. cavity wall insulation and whether any training in the measure is required. However, if the business has the requisite knowledge and experience this can take 2-4 weeks. Costs can depend on the number and range of measures that the business is seeking certification for and can range from approx. £200 upwards.

**Q: Any future plans for a green commercial buildings grants scheme? Commercial buildings produce a lot of carbon too and need significant upgrade.**

- This will be subject to review and further announcements

**Q: How long is the scheme expected to last?**

- The Green Homes Grant scheme will be time-limited to March 2021, to help stimulate the economic recovery and support and create tens of thousands of green jobs immediately.
- Allocations for future years will be determined at the forthcoming Spending Review in the Autumn.

**Q: Will PAS2023 become a BS?**

- This will be subject to review and a decision made in future

**Q: A PAS is not a standard so is compliance legislated?**

- Installers must meet Publicly Available Specification Standards to install energy efficiency measures. All work under the Green Homes Grants will need to be to Publicly Available Standard (PAS) 2030: 17; however installers can also be registered to PAS 2030: 2019. To be eligible to participate as an installer in the scheme, businesses and tradespeople will need to be certified that they can meet this standard. If they cannot, they will not be listed as an approved installers and voucher applications made by consumers will only be approved if the installer identified in the application is listed as approved.