

A GUIDE TO

BREXIT

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The Brexit timeline

- June 2016**
 UK referendum vote to leave the EU
- 29th March 2017**
 UK invokes Article 50 and begins withdrawal negotiations over a two year time limit
- 15th January 2019**
 Government lose vote on Brexit deal and must now put forward a new plan, or have one imposed including:
 - Leave with no deal
 - Plan B (Norway)
 - New referendum
 - Re-negotiate
 - General election
 - Vote of no confidence (repeated)
- 16th January 2019**
 Government survive no-confidence vote
- 29th March 2019**
 UK leave EU
- 30th March 2019**
 If hard Brexit avoided, transition period starts (to Dec 2020)
- December 2020**
 Exit deal finalised
OR extension agreed to continue negotiations
OR Hard Brexit



What's happening now?

The UK and EU provisionally agreed on the three "divorce" issues of how much money the UK owes the EU, what happens to the Northern Ireland border and what happens to UK citizens living elsewhere in the EU and EU citizens living in the UK.

With the Government's crushing defeat in Parliament on the 15th January, the chances of seeing any clarity on the way forward diminished, particularly as the ensuing no-confidence vote added further to the turmoil, effectively paralysing negotiations in the short-term.

The government will hope that any paralysis is short-lived, so that they can return to talks that will focus even closer on how to avoid having a physical Northern Ireland border.

As the very real possibility of a hard-Brexit has increased substantially it is more critical than ever that you have your contingency planning in place ahead of the 29th March 2019, the date laid down by statute, when we will leave the EU.

Updated 16th January 2019



The Brexit outcomes

1. If withdrawal agreement cannot be reached before 29th March 2019

On the 30th March 2019 the UK would fall back to World Trade Organisation tariffs and terms, with any legal framework for non-World Trade Organisation matters such as aviation.

2. If withdrawal agreement is reached before 29th March 2019

Transition Period begins for detailed negotiations on terms of exit and EU/UK relationships 30 March 2019 - 31 Dec 2020.

1st January 2021 End of transition period

3. Soft Brexit

A trade deal including some form of regulatory and customs arrangements, is negotiated successfully with the EU.

4. Hard Brexit

An end to the UK being in the EU customs union and single market, while at the same time negotiating a new, not yet specified, trade deal with the EU.

What is likely to happen

Ports

- We do not anticipate inbound border inspections, but a hard Brexit will mean long export delays, as EU ports will be legally bound to impose customs checks
- There will be wide use of inland pre-clearance and periodic payments
- HMRC appear to be preparing for simplified declarations & automatic release for Authorised Economic Operators (AEOs)

Road transport

- A withdrawal agreement would see maintenance of current road market access with no rationing of international freight permits, mutual recognition of driving licences and driver qualifications & vehicle standards
- Applications for European Conference of Ministers of Transport (ECMT) permits closed in January. Operators that did not receive a permit risk being unable to travel in the event of a 'no deal' outcome
- Without a deal UK driving licences would no longer be valid on continental Europe's road without an accompanying international driving permit (IDP)

These permits would not be available to purchase until 1st February 2019, leaving operators little time to undertake the necessary administration ahead of Brexit day

Aviation

- European Aviation Safety Agency (EASA) membership is in doubt
- Maintenance of existing rules for airlines and existing EU and US market access rights is not guaranteed
- Security agreements for cargo are a priority and expected

MIQ Logistics are AEO accredited and ready to support you

- Authorised Economic Operator (AEO) status is an international quality mark for companies whose customs processes are secure and efficient
- AEO enables us to leverage Customs Freight Simplified Procedure (CFSP), which speeds goods release from Customs and allows deferred payments



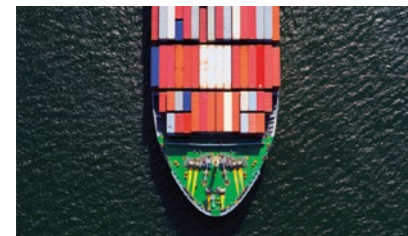
Preparing for Brexit

What we can do for you

1. We will guide you on the changes you need to make to maintain shipping if customs regulations apply to the EU
2. We will calculate the cashflow implication of any changes to VAT and Duty
3. Identify and mitigate transport permit issues
4. Enhance contingency planning for your supply chain
5. Deal directly with airlines to maintain air freight capacity
5. Engage with government and regulatory authorities for key decisions

What we are doing

1. **Systems** - Reviews are taking place to ensure all systems are ready for product code changes and have the capability to accept increased customs requirements and declarations.
2. **Powerview** - If you have bespoke solutions we will be making any necessary changes so you can continue to trade smoothly post-Brexit.
3. **HMRC** - We have increased our facilities with Customs so that we can handle the increased number of declarations and bonded shipments we're expecting if Customs requirements are applied to/from the EU.
4. **Supply chain** - We will introduce greater capacity to all transport modes, including short-sea container and intermodal, and explore alternative port pairings if delays are likely.



What you should do

It is likely that some form of customs procedures will apply when trading with the EU post-Brexit.

If you're currently only shipping within the EU now is the time to familiarise yourself with customs procedures and apply for an Economic Operator Registration and Identification number (EORI) number.

You currently only need an EORI number when trading with countries outside the EU, however post Brexit it is likely you will need one when trading with the EU.

It is easy to apply via www.gov.uk/eori and you'll typically get your EORI within 3 working days.

Inform us of your number so we can update your records and include your EORI number on your Commercial Invoice and shipping documentation to support fast customs processing and clearance.

To ease strain on your cashflow you might want to consider opening a deferment account to postpone the payment of VAT on goods imports by one month.

Even the softest Brexit is likely to create delays. The simplest and surest way to protect your business is to hold sufficient inventory to meet your customer demand for a period. We have access to cost-effective flexible and secure storage space across the UK.

Your Brexit Checklist

- ✓ Understand and map your European Supply Chain
- ✓ Identify customs classification codes and calculate cashflow implications
- ✓ Identify high risk lanes and potential choke points and develop solutions
- ✓ Identify possible products for buffer storage
- ✓ Engage with MIQ Logistics and key 3rd parties