EU Exit Bulletin

17 September 2020

BVRLA

Automotive industry unites in calls for free trade deal with EU

The SMMT has joined organisations representing EU and UK vehicle and parts manufacturers to call for urgent agreement of an ambitious free trade deal before the end of the transition period in just 15 weeks' time.

New calculations show the catastrophic impact of 'no deal' with World Trade Organisation (WTO) tariffs putting production of some 3 million EU and UK built cars and vans at risk over next five years.

'No deal' would mean combined EU-UK trade losses worth up to €110 billion to 2025, on top of around €100 billion in lost production value so far this year because of the Covid-19 pandemic.

Covering the cost of the tariffs, far higher than the small margins of most manufacturers, would almost certainly need to be passed on to consumers, making vehicles more expensive, reducing choice, and impacting demand. Automotive suppliers' products will also be hit by tariffs. This will make production more expensive or will lead to more imports of parts from other competitive countries.

The BVRLA understands that over 70% of fleet and business car purchases are built in the EU - all of these are at risk.

The association's members will have to pay the tariffs or pass them on to their customers. This would be disastrous for fleets and would seriously slow the decarbonisation agenda.

UK fleets are not in a position post-Covid to absorb these costs and automotive demand will stall.

It will also become more expensive for essential user fleets to operate and significantly increase the cost for fleets looking to do the right thing and replace their vehicles with Battery Electric Vehicles.

The tariffs on parts will impact the whole life cost of vehicles and have impacts on contracts that members have already signed. Orders are already in the pipeline which would land in 2021 and these must not be hit with a tariff.

The BVRLA is asking for a deal with no tariffs and ensuring an easy flow of vehicles and parts through the border.

The UK secures a Free Trade Agreement with Japan

The UK's first major trade deal as an independent trading nation has been made with Japan. The deal will give UK businesses the benefit of tariff-free trade on 99% of exports to Japan in a deal expected to be worth an estimated £15.2 billion.

The deal is also an important step towards joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), giving UK businesses a gateway to the Asia-Pacific region and help to increase the resilience and diversity of our supply chains.

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Government writes to businesses about new trade arrangements with the EU

HMRC has written to businesses about the new trading arrangements when the UK leaves the EU single market and customs Union, highlighting actions that need to be taken now to continue trading with the EU from 1 January 2021, including:

- Make sure you have a GB EORI number
- Decide how you're going to make customs declarations
- See if your imported goods are eligible for staged controls
- Decide how you will account for import VAT when you make a customs declaration
- Check if Import VAT is due at the border
- Check the Controlled goods list to see if you need to complete declarations from January. If your goods are not on the list you can choose to delay import declarations until July 2021
- Check the government's tariff tables and consider how your trade will be affected
- Sign up for the new Trader Support Service, if you move goods between Great Britain and Northern Ireland or bring goods into Northern Ireland from outside the UK

Video guidance for businesses who are brand new to customs

HMRC has created a series of short videos aimed at helping those businesses brand new to customs:

- What is Customs?
- What you need to know to bring goods into the UK?
- What you need to do to send goods out of the UK?

The Government has published a list of customs agents and fast parcel operators who can help submit customs declarations from 1 January 2021.

CMA to oversee new 'Office for the Internal Market'

The UK government has laid out plans to establish an independent monitoring body, the Office for the Internal Market (OIM), who will oversee the functioning of the UK internal market.

The body will sit within the Competition and Markets Authority (CMA) and provide independent, technical advice to parliament and the devolved administrations on regulation that may damage the UK's internal market.

The CMA will have powers to monitor and report on the effectiveness of the internal market, and will need to report on the functioning of the internal market every 12 months, and the effectiveness of the bill's provisions on mutual recognition and non-discrimination every five years.

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Controversial UK Internal Market Bill presented to Parliament

The Government presented the UK Internal Market Bill to Parliament on 9 September, which is designed to guarantee that companies can trade unhindered in every part of the UK.

The Bill has made headlines for the controversial provision that would allow ministers to disregard parts of the Northern Ireland protocol. The Institute for Government believes that the UK Government should be prepared to compromise on the Internal Market Bill, claiming that "the stage is now set for a major stand-off between the UK government and devolved administrations."

In a meeting of the Withdrawal Agreement Joint Committee on 10 September, Vice President Šefčovič detailed the European Union's concerns, and requested that the UK withdraw the UK Internal Market Bill. The UK Government made clear that the legislative timetable for the Bill would continue as planned.