

BVRLA welcomes EU Trade Deal

The BVRLA welcomed last week's announcement of a Brexit trade deal between the UK and EU. Commenting on the news, Chief Executive Gerry Keaney said:

"This deal comes as a big relief and will provide a welcome boost for the UK automotive sector, which can now plan for 2021 and beyond with more confidence and certainty. Avoiding tariffs on vehicles and parts is essential, but with the end of the transition period only days away, there is a lot to be done to prepare for January and beyond as details around the new trading terms become clear."

The association has already had follow-up discussions with Government officials at Ministerial level, where it urged policymakers to provide timely and transparent guidance to accompany the legal text of the [trade agreement](#).

In the meantime, the Government has published a [summary explainer](#) of the agreement and continues to update its official guidance on the [Brexit Transition web page](#). You can sign up for the latest email updates via the Government's [Business Readiness Bulletin](#).

If you have any questions or issues that you would like the BVRLA to address or put to policymakers, please get in touch via policy@bvrla.co.uk.

There is more sector-specific information and a selection of useful contacts and links on the association's [EU Exit Guidance](#) web page.

Zero tariffs and phase-in for rules of origin requirements on EVs and hybrids

The UK and EU have published details of their trade deal, in which they agree to zero tariffs and quotas on the import and export of trade goods, including vehicles and parts. However, to qualify for the tariff-free access to each market, companies will need to meet 'Rules of Origin' requirements, which set a threshold for how much of a particular good can be made outside of the UK or EU. These state that:

- Petrol and diesel cars need to be made with at least 55% 'local' (UK or EU) content
- Until 2023 EVs and hybrids will need to be made with at least 40% local content, while batteries will need at least 30%
- Between 2024 and 2026 EVs and hybrids will need to be made with at least 45% local content, and batteries will need at least 50%
- The post 2027 thresholds will be reviewed after 2024

The EU and UK have jointly agreed additional flexibility in collecting [documentary evidence](#) to prove origin during the first year, to allow for the limited time available between conclusion and application of the agreement. Further detail on this flexibility will be published imminently.

Vehicle manufacturers with UK operations have said that they are still assessing the implications of the new deal and the administrative burden of producing the relevant customs declarations, certifications and audits. Commenting on the deal, SMMT Chief Executive Mike Hawes said:

"The timings underscore the urgent need for government to create the conditions that will attract large-scale battery manufacturing to the U.K. and transform our supply chains.

"Improving the competitiveness of the U.K. will be essential to help mitigate the additional costs and burdens brought about by our new trading relationship."

EU and UK agree to work together on automotive regulations

There is no mutual recognition of type approval in the Brexit trade deal, but the EU and UK have signalled their willingness to work together in reducing the regulatory burden on the automotive sector.

- Regulatory convergence for the sector will be maintained using international technical standards set at UNECE (United Nations Economic Commission for Europe) level. The EU and UK will cooperate and, where appropriate, plan initiatives to promote greater international harmonisation of technical requirements. Both will accept products that are covered by a valid UN type-approval certificate
- Both sides will cooperate and exchange information to support the identification and addressing of non-conformities of vehicles
- They will cooperate in developing new vehicle safety regulations or related standards, advanced emission reduction, and emerging vehicle technologies

Driving in the EU from Jan 1st

The government has issued [updated guidance](#) on what UK drivers need to do to drive while visiting the EU from 1 January 2021, including details on motor insurance 'green cards.'

The new deal confirms that hauliers will be able to continue operating across the EU and UK territories without additional permits or licences. The Government has updated its [guidance](#).

Data adequacy update

Data adequacy is not covered by the new Brexit trade agreement, but a joint declaration published alongside the deal makes it clear the EU will undertake an adequacy assessment. Both sides have agreed a four-month temporary arrangement to allow data to continue being transferred from the EU to the UK from the 1 January. This can be extended to six months provided the UK does not make any changes to its data protection laws.

This means businesses transferring data from the EU to the UK do not have to put alternative measures in place, such as standard contractual clauses, from 1 January. However, the latest [Government guidance](#) is still advising firms to take advantage of the additional time provided to do so.