



BRITISH EXPORTERS ASSOCIATION

Mr Ben Shave
Chair Liaison
Public Accounts Committee

18th January 2021

Dear Ben,

**RE: Public Accounts Committee session - Thursday 21st January
The impact of the UK-EU Trade & Cooperation Agreement (TCA)**

Further to your email of 11th January inviting BExA to share views on the content and implementation of the TCA, please see below responses to the questions raised:

Overview of BExA

The British Exporters Association (BExA) is an independent national trade association representing the interests of the UK's exporters. Our membership is drawn from across the exporting community, including capital goods manufacturers and international traders (large corporates, MSBs, SMEs and Micro exporters), and their bank, credit insurance and other service providers. BExA seeks to promote the interests of its members and all UK exporters, with a particular focus on trade finance and export credit insurance.

- **What are the most significant impacts of the UK-EU Trade and Co-operation Agreement (the Agreement) on the stakeholders that you represent?**
 1. Rules of origin are necessary to gain advantage of the TCA and only EU and UK origin goods qualify under the agreement.
 2. Losing the option to include Swiss, Turkish, Pan Euro Mediterranean (PEM) etc origin goods in the agreement means UK manufactured items may not qualify therefore duty will be charged even though the goods are made in the UK.
 3. There is no clear guidance on the Article related to Repairs – HMRC are still advising that IP/OP must be used even though the TCA states that neither party should charge duty on repairs, it does not link this to being authorised under a customs procedure.
 4. Inability to return unchanged EU goods into the Union – this has a major impact on companies distribution chains where bringing goods into the UK for onward supply to Ireland, for example.



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- **What are the main actions you have to take in response to the Agreement and how long do you estimate it taking to implement them?**

1. The rules of origin are different from the old EU FTAs so all the regulations have to be reviewed and checked, and different statements of origin obtained to evidence UK or EU manufactured goods – this is a slow process especially as some suppliers are not aware of the new forms or what origin rules are. Some companies started work on gathering origin information prior to the end of the transition but other are just beginning this process.
2. Some companies do not currently operate under FTAs so obtaining origin information is new to them.
3. Issuing new supplier declarations under the terms of the agreement - there is a lack of clarity on the style to use if the goods originate under the terms of the TCA, and the information required on a supplier declaration of non-originating makes it very difficult to complete without disclosing commercially sensitive information. In addition, there is no guidance on what to supply UK-UK; only information between the parties eg UK to EU customer is covered.

- **What impacts will implementing the Agreement have on your costs, competitiveness and your customers?**

1. The main impact relates to EU customers who have bought UK materials / components to include in the manufacture of other goods for export out of the EU under EU preferential agreements. As UK origin no longer qualifies as originating, EU companies are turning to alternative EU suppliers to supply the goods.
2. Supply chains are being changed to cut out the UK – so companies with warehousing or distribution agreements will face a reduction of business at best.
3. UK manufacturers are looking to move production into the EU so they can retain advantage of different origins being accepted for export markets outside the EU.

- **What, if any, concerns have your members raised with you regarding the new arrangements?**

1. In addition to the above, the use of EU material in goods produced in the UK for export under UK FTAs to export markets such as Tunisia, Turkey, Switzerland, etc is in doubt – in order to operate diagonal cumulation, all related trade agreements must have identical rules of origin. The TCA has very different rules of origin to other EU FTAs and UK FTAs with countries such as Switzerland.



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- **Are there any specific gaps in the Agreement that will affect your members if they are not developed / negotiated further?**
 1. Returned goods – ideally we should have a distribution agreement clause as in the EU/Swiss agreement.
 2. UK/EU manufacturers to be able to use other origins – the UK should join the PEM convention
 3. The supplier declaration for non-originating goods is based on the cross-border supplier declaration used in the EU and unless parties are related the sensitive information on values and origins make it impossible to use, meaning UK/EU suppliers cannot provide information to support manufacture of goods in EU/UK to be sold into UK/EU.
- **To what extent do you feel that your members are getting the information and support that they need from government to understand and comply with new arrangements? If there are areas where more information or support would be helpful, please provide details.**
 1. There is guidance being released but it is legally worded. A checklist and simple guide to declarations would be useful. Also, HMRC web pages on preference are dated prior to 2021 so it is unclear whether these are still valid guides.
- **Are your members able to access the support they need from private sector organisations that facilitate trade, such as customs intermediaries or software providers?**
 1. Yes, but customs intermediaries have never – and are legally unable to – assist with rules of origin. Software providers also can only provide solutions on rules of origin if the exporter has all the information to input in the system.

If you would like to discuss the above in more detail please do not hesitate to contact us.

Yours sincerely,

Marcus Dolman
Co Chairman – Large Exporters

Geoffrey de Mowbray
Co Chairman – SME & Micro Exporters