

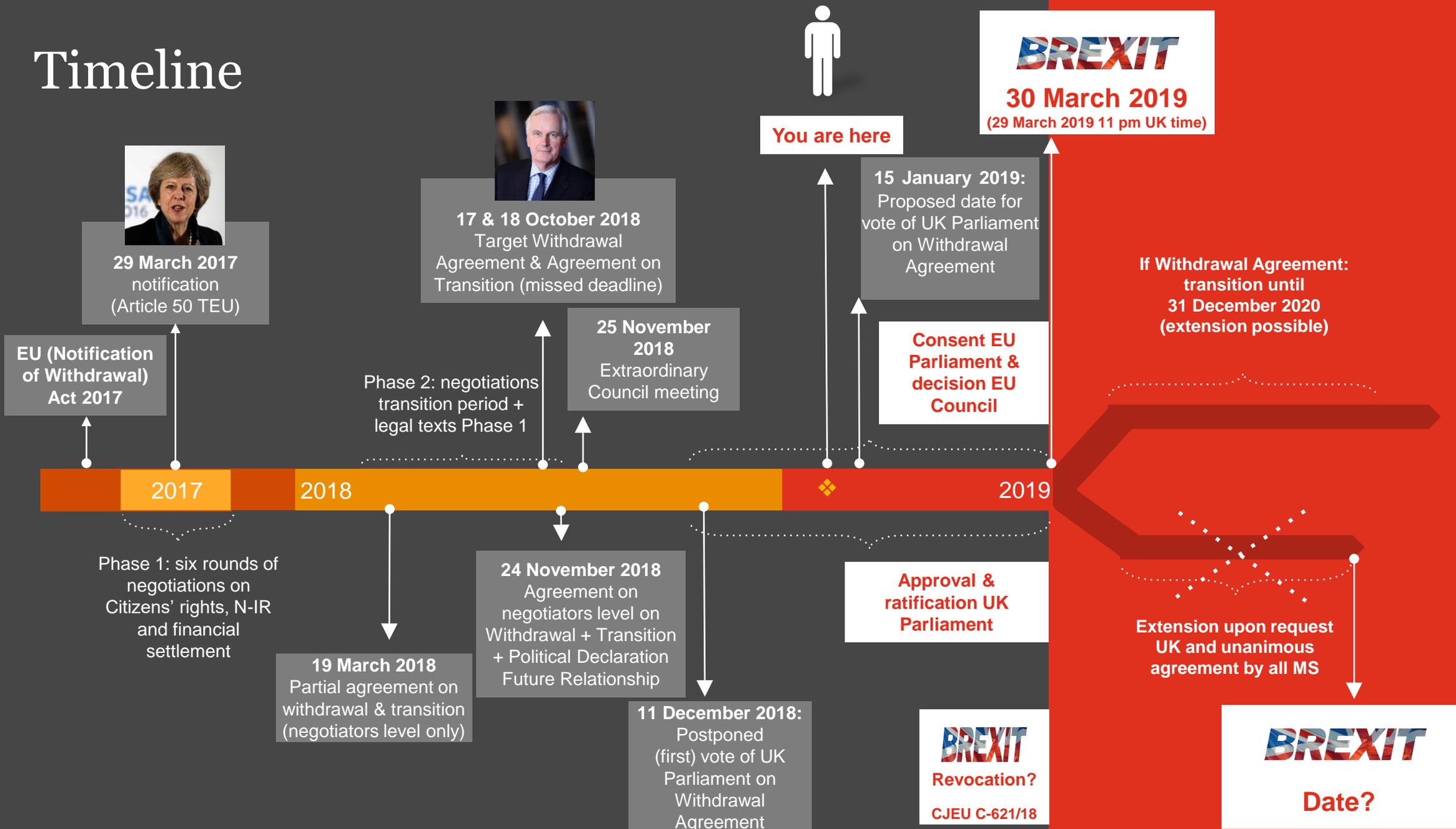
The Brexit Clock is Ticking: Time to Act Now!

45 days to go...

Lionel Van Reet

IFA | 12 February 2019

Timeline



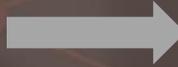
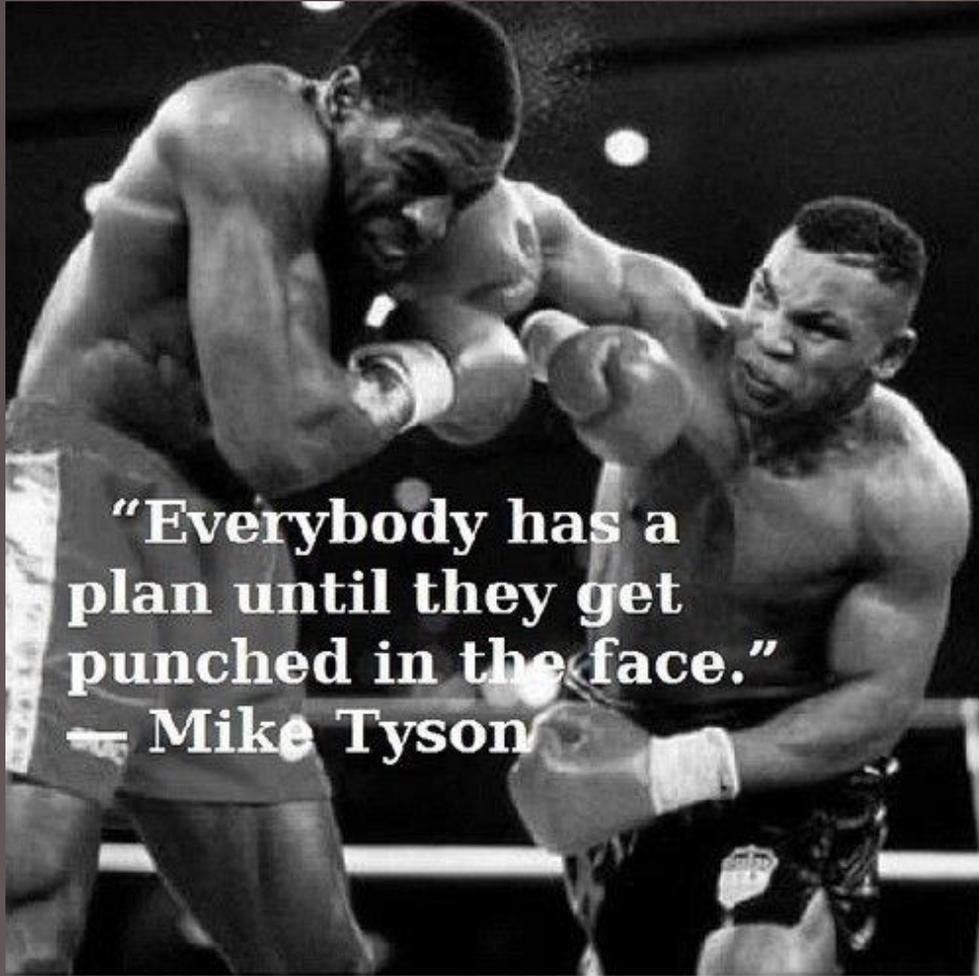
Political Declaration on the Future Relationship of 25 November 2018 for approval by UK Parliament, European Parliament and Council of the European Union



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From Trade Wars

To...Game of Trade??



A trade war is being played out on the global stage
Will your business be a winner or loser?

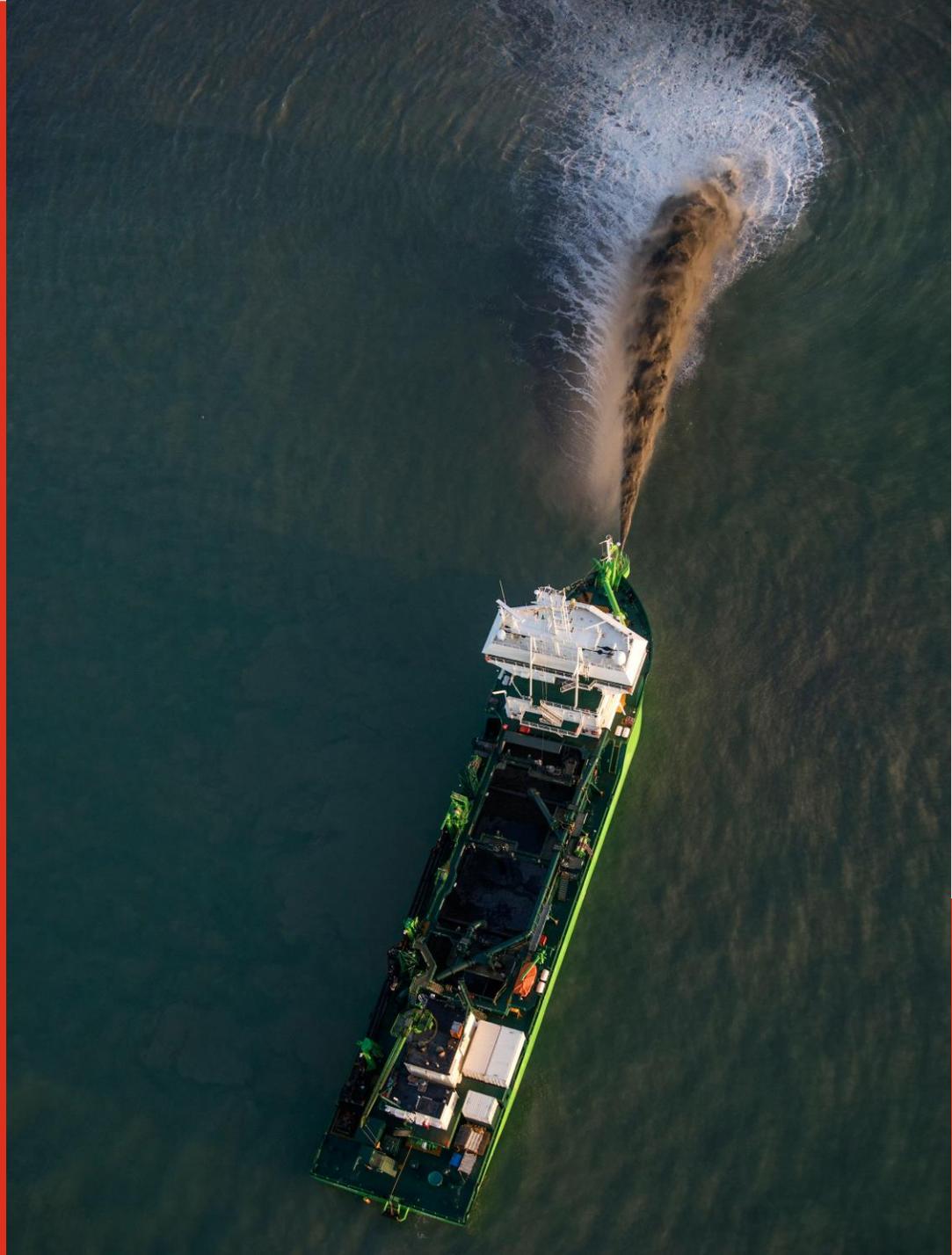
The measures introduced in the trade war so far are having a tangible, negative economic impact on global markets with trade volume growth declining to its lowest level in several years. This is impacting Australia and will shape political as well as economic policy in the short term and beyond. But, PwC's economic modelling suggests that for some businesses there can be opportunities as well as challenges. Whether you are a winner or loser will depend on the actions you take.

- The US has imposed billions of dollars of new tariffs on goods originating from China
- The European Union, China, Canada, Mexico, India, Turkey and Japan have introduced or threatened billions of dollars of retaliatory tariffs
- There is instability and uncertainty of trade in the European Union due to the slowly forming results of Brexit
- Australia and China have experienced tensions in their relationship due to foreign interference laws

A world map with a blue network of lines connecting various points across the globe, symbolizing global trade. Australia is highlighted in red.

International Trade

Customs & Supply-Chain



Main Brexit impacts on Customs & International Trade

1

Duty Impact

Cost to market

- Import duties
- Preferential Origin NOT applicable
- Valuation issues (cost price > sales price)
- Taxable basis
- Incoterms
- VAT prefinancing // VAT deferment licence (quid non-UK est.)
- Returning goods (repair, maintenance), samples, tests?

2

Lead Times

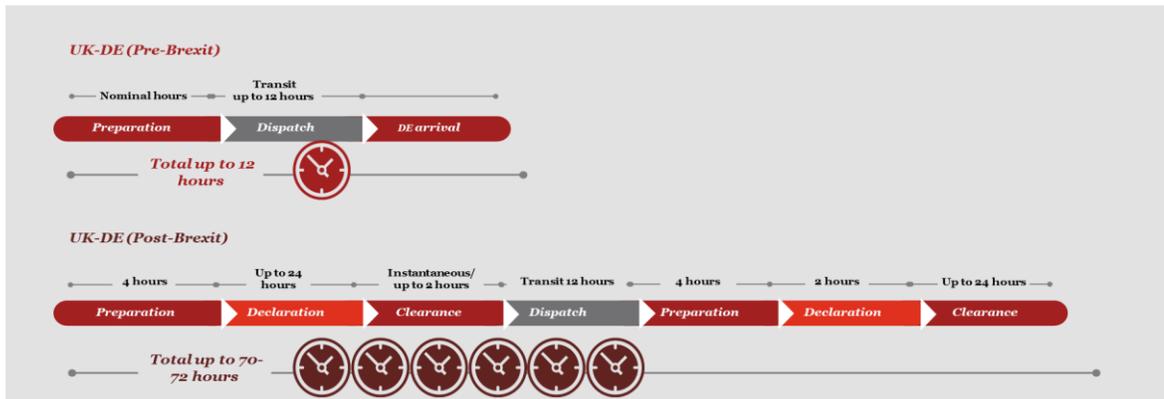
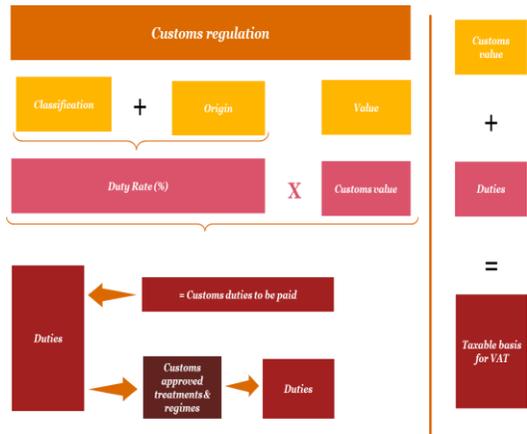
Time to Market

- AEO
- CFSP
- E-Customs declarations
- Supply-Chain & Delivery optimizations
- Fines, Manufacturing issues

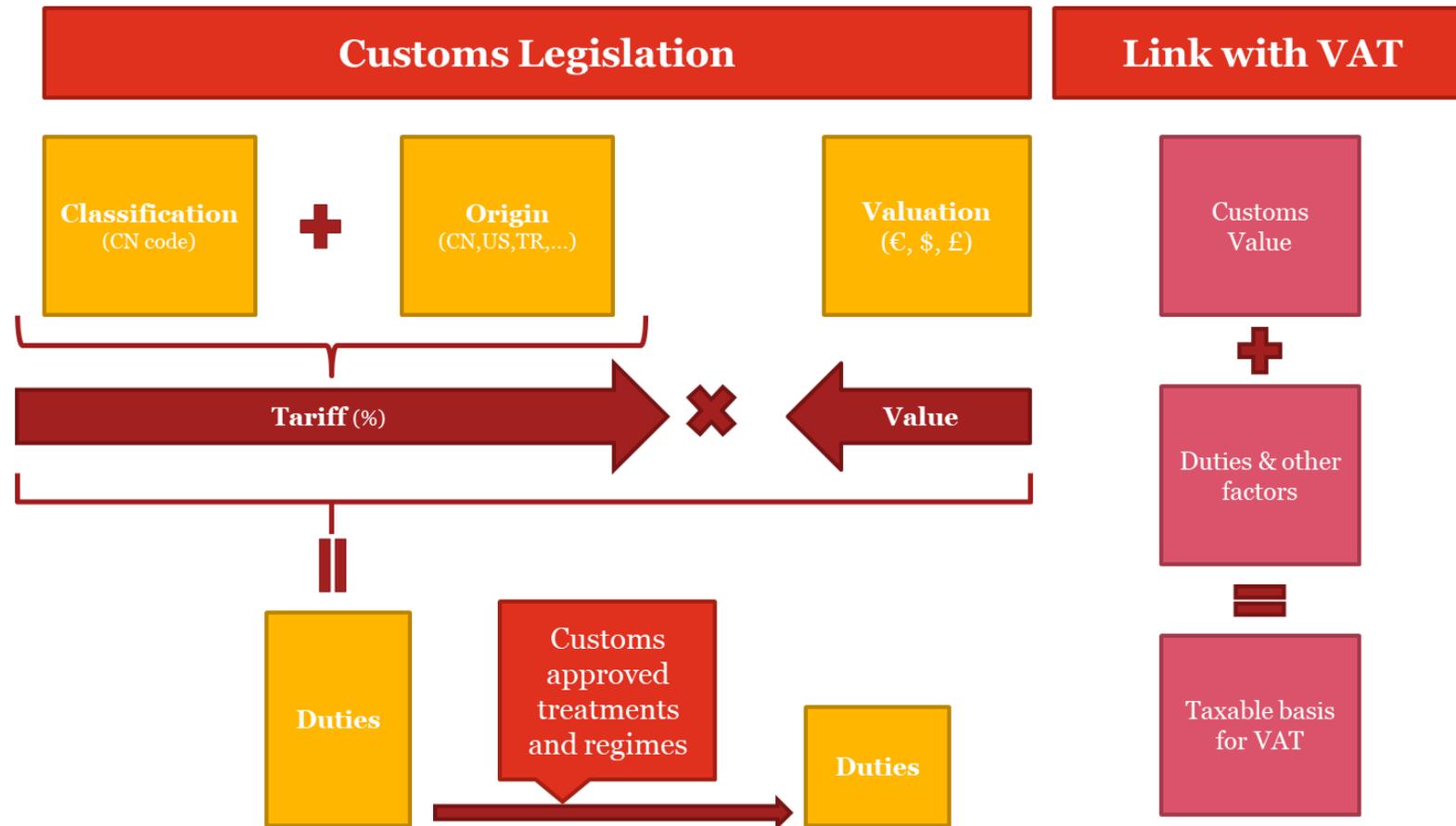
3

Compliance costs

- IM & EX Customs compliance costs
- VAT registration
- Bank guarantees to be set up
- Demurrage costs
- Increased average delivery price

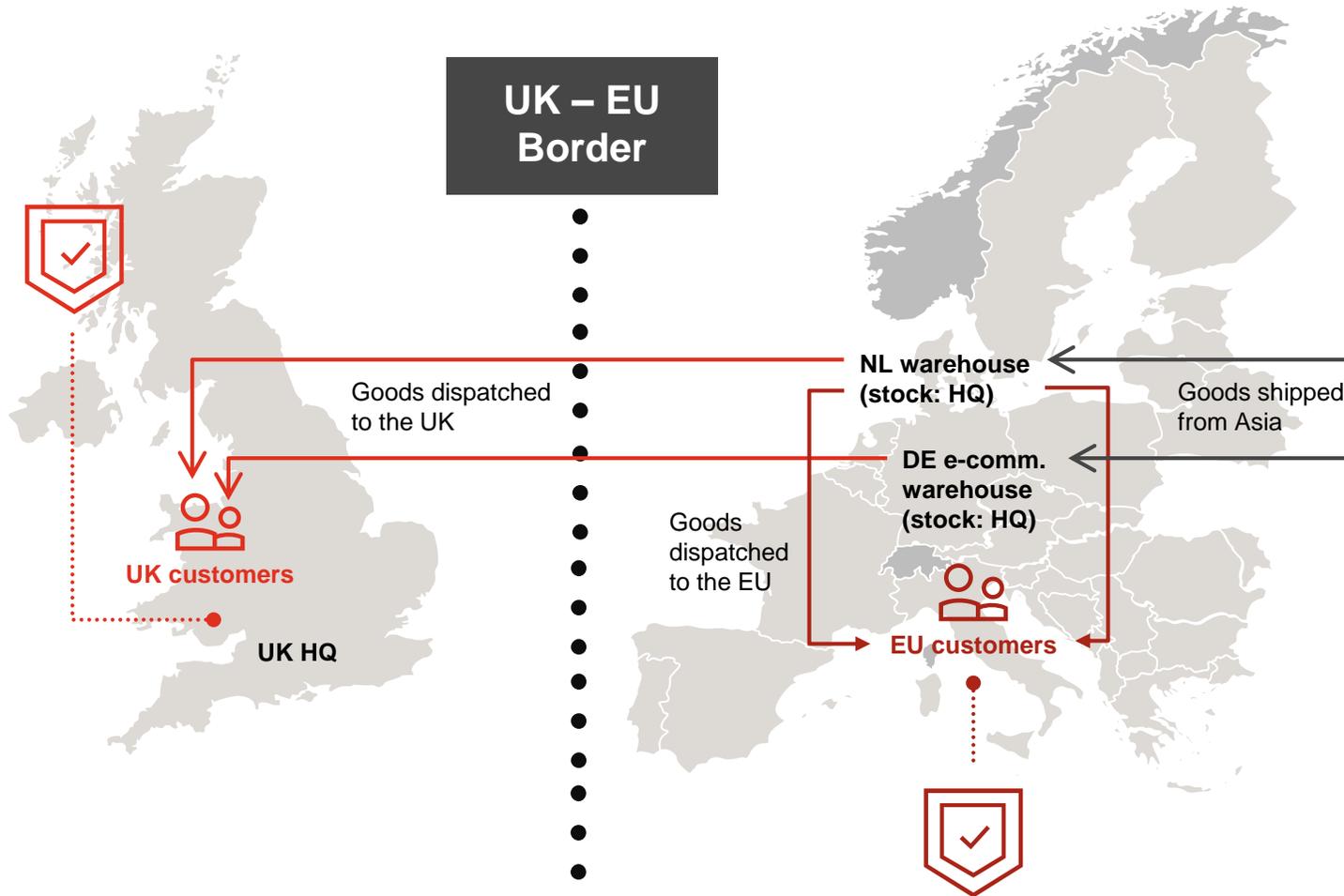


Main Brexit impacts on Customs & International Trade



Customs & International Trade

Post-Brexit



1

Customs Pillars

Classification

✓ Customs simplifications

Origin

Valuation

✓ General Customs queries

Customs Procedures

Excises & Energy

✓ Litigation & Contracts



2

Trade compliance

- Customs laws & duty avoidance strategies
- Free Trade Agreements (FTA's)
- AEO certificates
- Antidumping
- Tariffs suspension
- Customs & excise compliance
- Software implementation (SAP GTS, MIC, IMEX)



3

Trade Strategy & Regulatory Matters

Labelling and Marking

Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

Non-Tariff Barriers (NTBs)

Intellectual Property

Standards & Safety

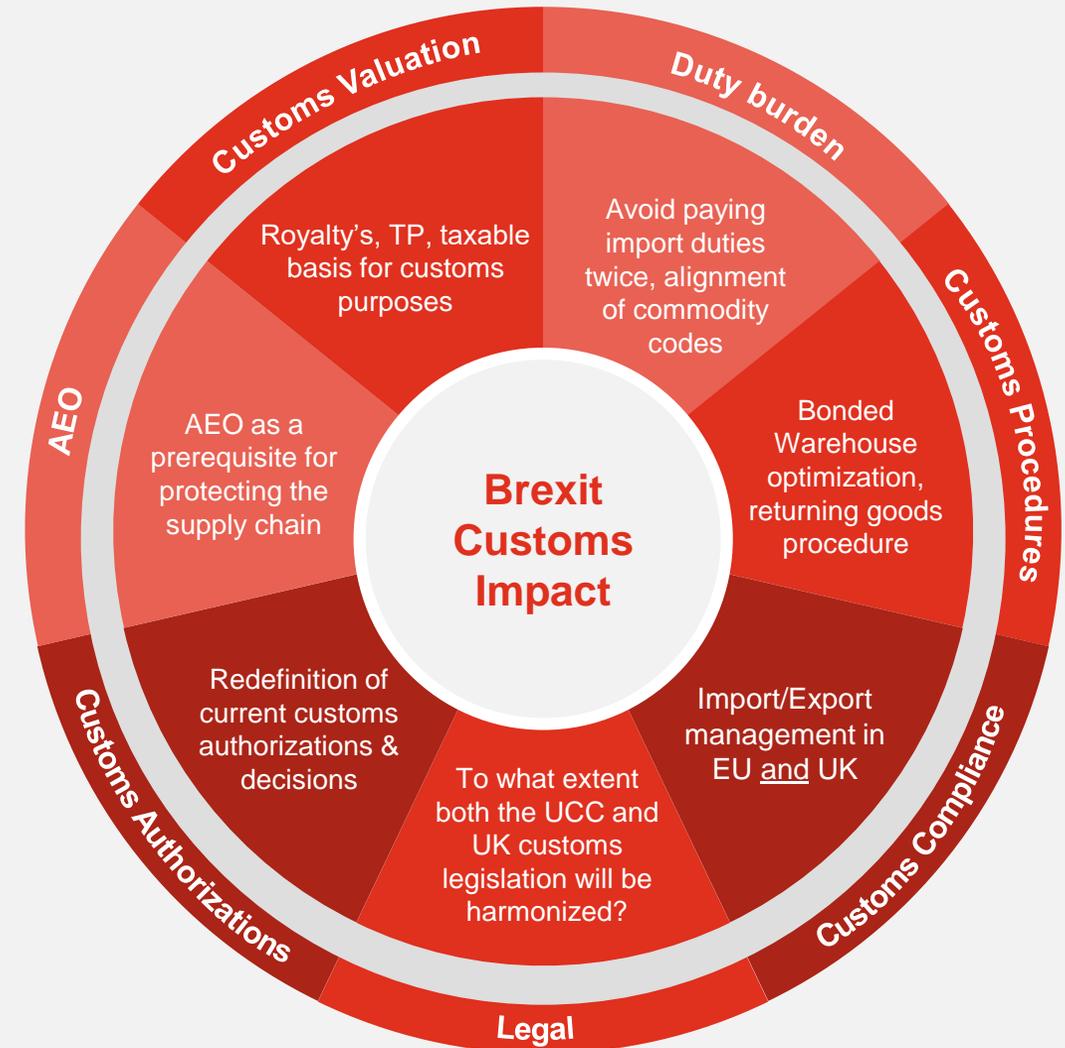
Procurement, Sourcing, supply chain optimisation

Trade Compliance

Additional Talking Points

- **Bank guarantee:** what with existing bank guarantees in the EU?
- **Customs licenses:** what with existing customs licenses in the EU?
- **EORI:** what with existing EORI-numbers in the EU?
- **Authorized Economic Operator (AEO):** less controls, prior treatment when customs controls.
- **Registration, Evaluation, Authorization of restriction of Chemicals (REACH):** recognized in the UK?
- **Approved exporter for origin purposes:** self certification with respect to preferential origin applicable?
- **Binding Tariff Information (BTI):** will a BTI be recognized by the UK customs authorities?
- **Impact on ERP:** next to administrative changes, also changes in the IT-system and master data will be required and compliant with EU and UK national law.
- **Non-Tariff Barriers to trade (NTB's):**
 - **Licenses:** will EU trademark also include UK?
 - **Import quota's:** review of import quota's to protect UK internal market?
 - **Anti-dumping:** review of the current anti-dumping measures?

7 possible Customs impact areas



Agenda



Timing	Topics
30 min	Update on political & legal context Ine Lejeune
20 min	Customs & VAT Lionel Van Reet
20 min	Supply Chain Matthias Reyntjens
20 min	Financial Services Gregory Joos
30 min	Q&A

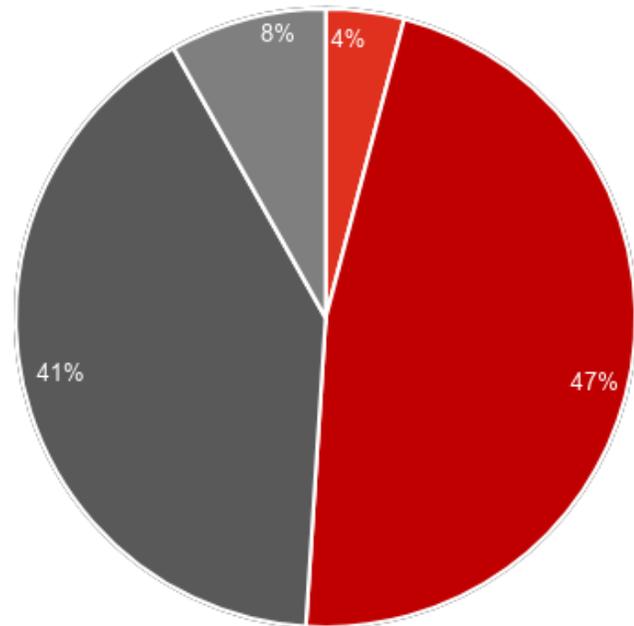


Market insights

Customs & Supply-Chain



Expected impact and concerns of Brexit*



None of the participants expect a positive impact of the Brexit

71% of all participants expect a deal-scenario prior to Brexit

■ Very negative impact
■ Quite negative impact
■ No real impact
■ Don't know

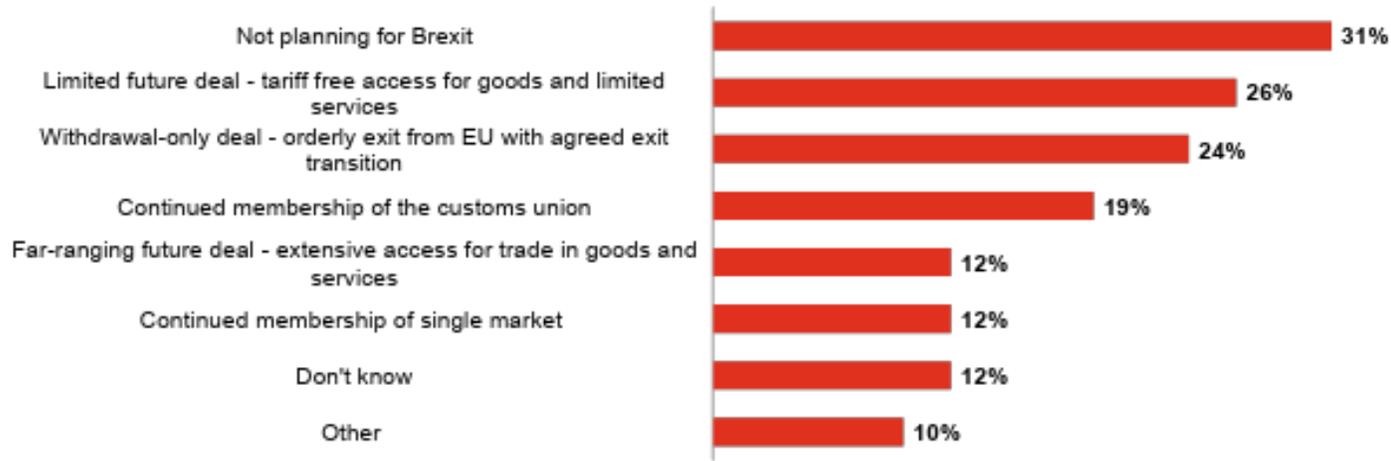
The top 5 reasons of concern for the companies involved:

- Our imports and exports have potential to be subject to **high tariff rates**
- We **sell or buy** high volumes of goods or services to/from the UK
- We have **time dependent** cross-border logistics e.g. 'just in time' production
- Our products, services and organisation have potential to be subject to **regulatory changes**
- We have highly **integrated** UK-EU supply chains and distribution models

*PwC, Brexit readiness survey 26 July – 12 September 2018

Ongoing preparations*

Companies are currently planning for the following scenarios



Applicable ongoing actions and preparations	Not started	Planning	Started or completed
Mapped at a product level your end to end supply chains	36%	12%	52%
Modelled potential customs duty impacts	41%	15%	44%
Investigated the impact of increased supply lead times on inventory levels	48%	8%	44%
Mapped your current employee base	47%	11%	42%
Discussed changing requirements with transport providers	50%	8%	42%
Apply for Authorised Economic Operator status or other customs facilitation or VAT relief scheme	50%	8%	42%
Changed your warehousing arrangements or prepared alternative warehousing options	55%	9%	36%
Reviewed current contracts - to understand potential penalties, or new costs that cannot be passed through?	38%	38%	23%
Explored alternative operating models?	59%	23%	18%
Applied new data requirements and potential systems changes	56%	30%	15%

34% of all participants have already engaged with government or industry bodies on BREXIT impacts and preparations

Most desired measures the government could take to support the Brexit readiness:

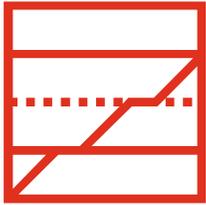
1. Detailed planning and preparation for changes at the border
2. Template readiness plans and checklists
3. Impact assessment tools and frameworks for businesses to use
4. More industry specific communications

Getting started?

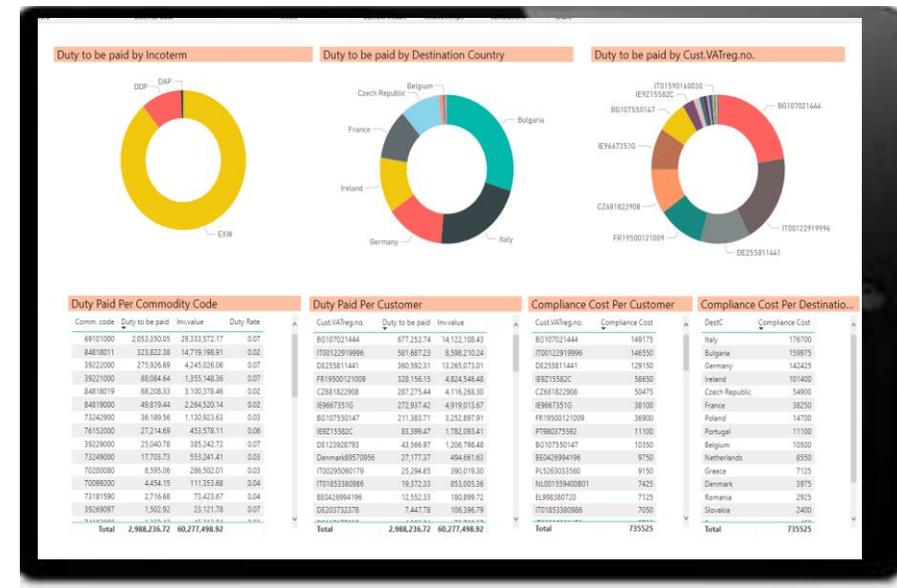
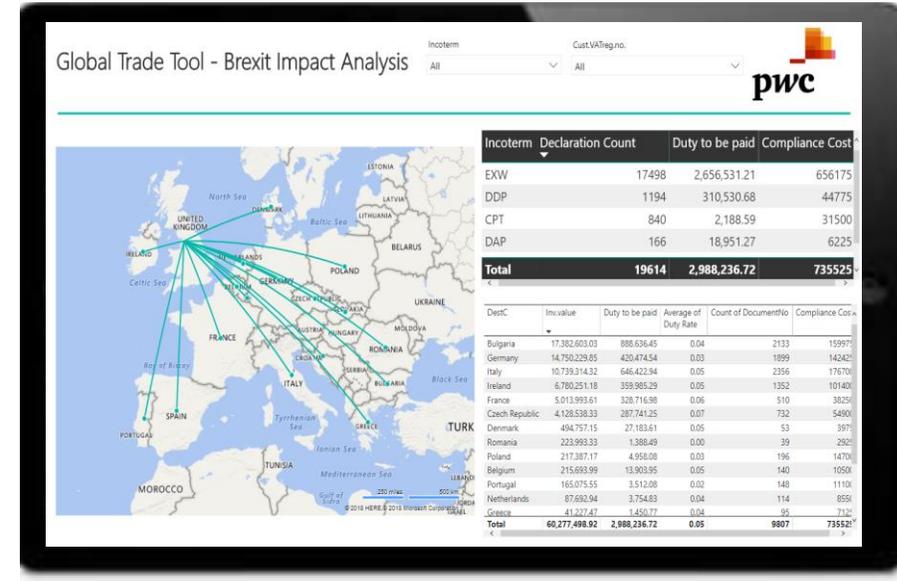


Brexit Impact Assessment Tool

Make it visible!!!!



- Flexible hands-on Brexit Assessment Tool to visualize (by means of dashboards) and measure the (financial) impact on the economic ties in case of no-deal scenario Brexit.
- All information provided in the tool is based on the company's transactional data whereby the required data consists of either Intrastat data and/or transactional data extracted from the internal ERP system of the client.
- Our identified findings will be subsequently communicated during a report-out meeting along with potential solutions to minimise impact





Thank you!



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