

## **Brexit becoming too big for cross-border businesses to ignore**

New research commissioned by InterTradeIreland underlines that while Brexit is looming large in the background for businesses, most firms are opting to pay no attention to its potential impact. To read more, go to:

<https://intertradeireland.com/news/brexit-becoming-too-big-for-cross-border-businesses-to-ignore/>

## **eBay calls for Britain's SME exporters to have a voice in future trade deals**

eBay has today released new data highlighting the contribution of UK small and medium-sized businesses to UK exports, and is calling for their voices to be heard in future trade negotiations. To read more, go to:

<https://www.ebayinc.com/stories/press-room/uk/ebay-calls-for-britains-sme-exporters-to-have-a-voice-in-future-trade-deals/>

## **Trade importing and exporting**

Frictionless trade in goods has been built up between the UK and the EU for the last 40 years, facilitated by the integration of rules and processes through the single market and customs union. That facilitation has created efficient and low-cost webs of finely tuned supply chains spanning the continent, relied upon by both consumers and businesses. These supply chains are expected to be severely disrupted by no deal, creating wide-spread economic effects. The IMF, for example, believes that the trade disruptions in no deal would be severe and are estimated to cause in the first and second year, respectively, a decline in UK GDP of 1.4% and 0.8% and a decline in EU GDP of 0.2% and 0.1%<sup>17</sup>.

- **Are all parties prepared for the effect of no deal on movement of goods?**  
No, and many firms are actually anticipated to be less prepared for no deal in October than in March, not least due to Black Friday and Christmas pressures.
- **What does no deal mean for movement of goods in the long-term?**  
Supply chains may settle over time and officials become used to enforcing new processes, but no deal means movement of goods becoming permanently more costly and difficult.
- **Is it possible to have no negative consequences on movement of goods without a deal?**  
No, without a deal and significant amounts of joint cooperation, disruption is inevitable.

## **Customs**

A range of new customs requirements will be introduced for firms in the event of no deal, with the immediate and then increasing application of a number of laws regulating importing, exporting and the movement of goods as well as health and safety requirements. Almost all measures that facilitate the trade and transportation of goods that the UK currently has with the EU will fall away, leaving businesses to face burdensome customs procedures, declarations and consequent delays at the border. The government has previously estimated that these would range from 4% to 15% of the cost of goods transported<sup>18</sup>, while an OECD study found that documentation and customs compliance requirements, lengthy administrative procedures and other delays can increase transaction costs by between 2%-24% of the value of the goods. The introduction of customs requirements in no deal would have immediate and severe impacts on businesses importing and exporting goods between the UK and the EU.

**Day 1:** UK firms trading with the EU will suddenly experience significant changes to exporting and importing goods, with goods exports required to go through additional processes or be denied entry into the EU. There will be confusion and impacts on the movement of goods at borders, while some firms may avoid trading goods at all if they have stockpiled.

**Month 3-6:** Over time, firms' uptake of temporary measures offered by the UK should increase, moving the impact of customs burdens to a degree. However, this is also a time of high risk for firms if the EU decides to enact the financial penalties it is entitled to against firms that make mistakes in their customs paperwork.

**Year 1-?:** The temporary measures introduced by the UK will eventually be removed, creating another wave of no deal impacts. The burden of customs declarations will become permanent, requiring staff to be employed in unproductive roles – in the public and the private sector – managing new processes instead of growth.

Customs is one of the areas where the UK government has offered the greatest number of mitigations possible, yet this has not been reciprocated and disruption is still anticipated



## Current Contingency Plans

### What has the UK done so far?

- Developed Transitional Simplified Procedures (TSP) which businesses can apply for, with the aim of reducing the amount of information that importers from the EU need to give on a declaration when goods cross the border. **These measures will allow importers to defer giving a full declaration until after the goods have crossed the border, and to pay any duty owed a month after the import**
- Made £8 million available to help private customs intermediaries and businesses increase their customs capacity to manage no deal, **though these grants are no longer available**
- Published documentation outlining that in a no deal scenario the government will **introduced postponed accounting for import VAT on goods brought into the UK**
- Produced a 'partnership pack' with over 100 pages of guidance for businesses on customs processes and procedures
- Proactively organised stakeholder engagement meetings for a number of businesses and organisations to feed into the UK government's contingency

### What more could the UK do?

**Renew and properly raise awareness of the Intermediaries Grant Scheme which was supporting businesses to upskill their staff in customs procedures**

- Commit to rapidly rolling out a program of trials and tests of new no deal IT systems and procedures – including TSP, online registration portals and the promised deferred accounting system for VAT
- Consider automatically issuing EORI numbers, which are essential for trade, to all VAT registered companies
- Ensure that the new Customs Declaration System (CDS) that is taking over from the old system CHIEF is fully rolled out at all ports ahead of 31st October and is stress tested for handling the increased volume of declarations
- Communicate a clear mechanism for feedback from firms managing the complications of third country customs with the EU for the first time
- Take a pragmatic approach to compliance and liability in the first days following exit as firms adjust to new requirements

Source: What comes next CBI August 2019

## People

With an estimated 3.6 million EU citizens living in the UK<sup>92</sup>, 1.3 million UK citizens living in EU Member States<sup>93</sup>, and thousands of employers who have built their businesses on the ability to easily move staff across the Channel – whether to carry out short-term work, provide 'fly-in-fly-out' services, or go on longer-term secondments – the effect of no deal on people is just as important as the effect on trade. The uncertainty about the impact of no deal on people's everyday lives is so

widespread that 74% of CBI members are extremely or moderately concerned about uncertainty for EU citizens as a result of no deal<sup>94</sup>.

- **Are all parties prepared for the effect of no deal on people?**  
No, but the UK Government is more prepared than the EU in the short term.
- **What does no deal mean for people in the long-term?**  
It will be more expensive and difficult for people to work, study and live across borders.
- **Is it possible to have no negative consequences on people without a deal?**  
No. A deal is needed with the EU to avoid a negative impact for people on both sides of the Channel.

### **Current residents**

No deal would throw into doubt millions of people's ability to continue to live, work and study – as well as their access to healthcare, benefits and social services – wherever they are. It would cause unnecessary uncertainty for hundreds of thousands of families, and confusion as Member States attempt to protect citizens' rights in different ways, to varying degrees and with different deadlines, cut-off dates and grace periods. Additionally, the current lack of coherent provisions means more work for individuals – and employers looking to support their staff – as they try to understand the differences a no deal Brexit means.

The UK has provided a sensible grace period to allow current EU citizens resident in the UK to apply for 'Settled Status', but the arrangements for UK citizens in the EU are less clear

**Day 1:** There will be no change for EU nationals already in the UK or for UK nationals in most Member States, as the majority of governments are providing grace periods to register. However, UK nationals in some Member States may encounter problems on Day 1 of no deal if they have not already registered in advance in the appropriate way.

**Month 3 to 6:** UK nationals may be required to register in the Member State they are resident in by a set deadline to retain their pre-Brexit rights. For example, Germany has provided a 3 month grace period for applications and France has provided a 6 month time frame.

**1 Jan 2021:** The grace period for EU nationals in the UK comes to an end. If EU citizens resident in the UK before exit day have not received 'Settled Status' or 'Pre-Settled Status' by then, they will encounter problems when applying for a new job or trying to rent a house.

The UK has gone a long way to protect the rights of EU nationals in the event of no deal, but a much more complex situation faces UK nationals living in the EU



## Current Contingency Plans

### What has the UK done so far?

- Launched the EU Settlement Scheme which provides a route for every single EU national who is resident in the UK by Brexit day to apply for protection for their rights and a route to permanent settlement
- Provided an entitlement to healthcare for EU citizens resident in the UK on exit day to continue to be able to use the NHS as they do now for a temporary period until December 2020
- Stated that EU citizens in the UK who have already had their professional qualifications recognised in the UK by exit day will be fully protected. Applications for recognition which have been made, but not yet received a decision, will be concluded under the same rules as far as possible
- Confirmed that UK nationals resident in the EU will still be entitled to continue receiving their UK State Pension, and that this will be uprated across the EU in 2019 to 2020
- Reassured UK nationals resident in the EU that they will continue to get their benefits – including child benefit and disability benefit – transferred to them in the EU as before

### What more could the UK do?

- Immediately issue reassurance, in a high profile way, to EU citizens in the UK that their rights and eligibility for the EU Settlement Scheme will continue to be guaranteed in the event of no deal
- Renew the direct marketing campaign for the EU Settlement Scheme to raise awareness in the run up to exit day
- Continue to keep FCO guidance for UK nationals in the EU regularly up to date, including signposting and providing links to relevant EU Member State information and webpages
- Keep key GOV.UK pages regularly up to date including 'Important EU Exit information for UK nationals if there's no deal' and individual 'Living in Country' guides. Updates should include the headline 'what you should do' at the top of each national page

Source: What comes next CBI August 2019

## **Could twin towns bring Britain back together?**

By [Ben Glover](#)



An unlikely pair. Image: Wikimedia Commons.

Twin towns: an irrelevant novelty to most of us, a peculiar name on a village's welcome sign. But could linking one British town to another – a domestic reinterpretation of this long-standing European practice – help bring Britain back together in a time of national crisis?

Born in the aftermath of World War II, town twinning aimed to foster cooperation and solidarity across Europe. Communities entered formal alliances, nurturing friendships and shared histories. Coventry [forged](#) links with Dresden and Volgograd, then Stalingrad, marking the devastation faced by their citizens during the war.

The democratisation of Greece, Spain and Portugal during the 1970s led to a new wave of twin towns across Europe, as did the fall of the Soviet Union a decade later. Since its inception, the focus of town twinning has been on uniting people through relationships. It is a testament to the initiative's success that many of these remain to this day; Coventry recently [enjoyed](#) a performance at the city's cathedral by Volgograd's children's choir.

While European relations have improved since the 1940s, unity at home has received less attention. As a result, Britain is riven with deep economic, political, educational and cultural divides. These fault lines are increasingly determined by geography, with a growing gap between our big metropolitan cities and almost everywhere else.

In comparison to other European countries, we face staggering levels of regional inequality; [six of the ten](#) poorest regions in northern Europe can be found in the



UK. As [outlined](#) by Alan Milburn, the government's former social mobility tsar, "the country seems to be in the grip of a self-reinforcing spiral of ever-growing division. That takes a spatial form, not just a social one."

These divisions are poisoning our body politic. As Adam Smith [argued](#) in *The Theory of Moral Sentiments*, putting yourself in someone else's shoes is vital for developing a moral compass; in doing so "we conceive ourselves enduring all the same torments, we enter as it were into his body, and become in some measure the same person with him..." But this is difficult when we have little interaction or experience of those with opposing views.

This is increasingly likely in geographically polarised Britain, with the places we live dominated by people who think alike. Our political leaders must commit time and energy to bridging these divides, just as the leaders of Europe did in the aftermath of the Second World War. By forging links between different parts of the country, a new era of domestic town twinning would do just that.

School exchanges between sister towns would offer an opportunity for children to be exposed to places, people and perspectives very different to their own. This would allow future generations to see things from an alternative and opposing perspective. It may also embed from a young age an awareness of the diversity of experiences seen by people across our highly unequal country.

MPs would be encouraged to spend time in their constituency's sister town. First-hand exposure to voters in a very different part of the country would surely soften the views of even the most entrenched parliamentarian, making for a more civil debate in the Commons. Imagine the good this would do for Parliament today, with Brexit gridlocked because of the unwillingness of MPs to compromise.

In 2016 the Carnegie UK Trust [launched](#) its Twin Towns UK programme, a pilot linking twenty towns across the UK to examine how they might develop together. Emerging benefits [include](#) a reduction of insularity and a greater awareness of the bigger picture. Its focus was not on bridging economic divides – towns with similar socioeconomic characteristics were twinned – but initial outcomes from the scheme suggest a broader programme of domestic town twinning could have a powerful impact.

Looking further back, Camden has been [twinned](#) with Doncaster since the 1980s, a relationship that unionised Camden Town Hall workers [forged](#) in a display of solidarity with striking miners during the 1980s. Funds were [raised](#) to feed families of striking workers at the pit and Camden locals even [drove north](#) to deliver presents at Christmas. Though the relationship appears less active today, it serves as a powerful reminder of twinning's capacity to bring people from very different places together.

As we prepare for Brexit it's imperative that we protect existing twin town relationships with our European partners. This is of vital importance when we know sadly many of these are under threat from [austerity](#) and gloriously un-PC [mayors](#). But we should look to breathe new life into these traditions too, where possible. Domestic town twinning would do just that: a step towards bringing Britain back together, just as a continent was reunited after the devastation of war.

*Ben Glover is a researcher at the think tank Demos.*