No-deal Brexit: Impact on supply chains and international trade

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While a range of outcomes, including a departure under the terms of the current Withdrawal Agreement, remains possible, it is important for businesses to plan for a no-deal Brexit, in which the UK leaves the EU without a withdrawal agreement or other deal. Here we look at the potential impact of a no-deal Brexit on businesses engaged in international trade and supply chains.

UK-EU customs duties and procedures

Under a no-deal Brexit, the UK will leave the EU Customs Union and become a third country for EU import/export purposes. This will mean that trade between the UK and the remaining EU member states is subject to duties and customs procedural requirements.

For imports into the remaining 27 EU member states from the UK, duties will be payable at the rate detailed in the EU Common Customs Tariff (accessible online). For imports into the UK from the remaining 27 EU member states, duties will be payable on the basis of the UK Temporary Tariff (accessible online).

Customs procedural requirements (ie import and export declarations) are required for trade between the UK and EU, and vice versa, although there are simplified procedures available.

Guidance and the latest Brexit advice is available online from the UK Government and the European Commission.

EU free trade agreements

Under a no-deal Brexit, the UK may no longer benefit from reciprocal market access including reduced or zero-rated tariffs on trade with around 40 countries with which the EU has free trade agreements, such as South Korea, Canada, Japan and Singapore.

The UK government is currently negotiating to replace these with bilateral free trade agreements. However, currently the majority have not been concluded, meaning businesses may face increased costs as UK trade with these countries will revert to "WTO terms".

Updated online guidance on this topic is available from the UK Government.

Sanctions and export controls

Post-Brexit the UK will operate independent sanctions and export control policies, raising the possibility that businesses will be faced with an increased regulatory burden in complying with independent UK regimes.

Additionally, businesses will be required to apply for authorisation via a licence to export dual-use goods from the UK to the EU. The UK government has issued an Open General Export Licence for exports of most dual use goods to the EU, which can be applied. Additionally, replacement export licences will need to be obtained for exports of controlled goods out of the UK or EU-27 where the existing export licence was issued in an EU-27 member state or the UK, respectively.

Guidance issued by the UK Government is available online here and here.

Online guidance is available from the European Commission.

Trade defence and safeguard measures

Post-Brexit, anti-dumping and anti-subsidy measures imposed by the EU will no longer automatically apply to the imports of targeted products into the UK. As such, exporters to the UK may face different measures as the UK government develops an independent trade policy.

Online guidance is available from the UK Government.

Additional trade and supply chain considerations

DLA Piper is also advising international businesses across an array of wider issues impacting trade and supply chains. For more information please review our no-deal planning section.

How we can help

Our lawyers continue to advise businesses across all sectors on Brexit international trade impact, including:

- Auditing supply chains to assess tariff and non-tariff impacts of a no-deal Brexit.
- Advising on supply chain restructuring to ensure maximum use of preferential trade regimes.
- Assessing trading arrangements and wider regulatory and business environments of alternative jurisdictions for supply chain restructuring and relocations.
- Advising on compliance with new customs procedures under a no-deal Brexit.

For a more detailed analysis, please contact the authors or your usual DLA Piper contact.

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