



Brexit: European Commission publishes Communication on preparing for the UK's withdrawal from the EU

Brussels, 19 July 2018

The European Commission has today adopted a Communication outlining the ongoing work on the preparation for all outcomes of the United Kingdom's withdrawal from the European Union.

On 30 March 2019, the United Kingdom will leave the EU and become a third country. This will have repercussions for citizens, businesses and administrations in both the United Kingdom and the EU. These repercussions range from new controls at the EU's outer border with the UK, to the validity of UK-issued licences, certificates and authorisations and to different rules for data transfers.

Today's text calls on Member States and private parties to step up preparations and follows a request by the European Council (Article 50) last month to intensify preparedness at all levels and for all outcomes.

While the EU is working day and night for a deal ensuring an orderly withdrawal, the UK's withdrawal will undoubtedly cause disruption – for example in business supply chains – whether or not there is a deal. As there is still no certainty that there will be a ratified withdrawal agreement in place on that date, or what it will entail, preparations have been ongoing to try to ensure that the EU institutions, Member States and private parties are prepared for the UK's withdrawal. And in any event, even if an agreement is reached, the UK will no longer be a Member State after withdrawal and will no longer enjoy the same benefits as a member. Therefore, preparing for the UK becoming a third country is of paramount importance, even in the case of a deal between the EU and the UK.

Having said that, preparing for the UK's withdrawal is not only the responsibility of the EU institutions. It is a joint effort at EU, national and regional levels, and also includes in particular economic operators and other private parties – everyone must now step up preparations for all scenarios and take responsibility for their specific situation.

Background

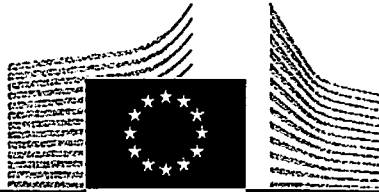
On 29 March 2017, the United Kingdom notified the European Council of its intention to leave the European Union. Unless a ratified withdrawal agreement establishes another date or the European Council, in accordance with Article 50(3) of the Treaty on European Union and in agreement with the United Kingdom, unanimously decides that the Treaties cease to apply at a later date, all Union primary and secondary law will cease to apply to the United Kingdom from 30 March 2019, 00:00h (CET) ('the withdrawal date'). The United Kingdom will then become a third country.

Stakeholders, as well as national and EU authorities, therefore need to prepare for two possible main scenarios:

- If the Withdrawal Agreement is ratified before 30 March 2019, EU law will cease to apply to and in the UK on 1 January 2021, i.e. after a transition period of 21 months.
- If the Withdrawal Agreement is not ratified before 30 March 2019, there will be no transition period and EU law will cease to apply to and in the UK as of 30 March 2019. This is referred to as the "no deal" or "cliff-edge" scenario.

Over the past year, the Commission has screened the entire Union *acquis* (body of EU law) to examine whether any changes are needed in light of the UK's withdrawal. To that effect, the Commission has adopted (and will adopt whenever necessary) specific, targeted legislative proposals to ensure that EU rules continue to function smoothly in a Union of 27 after the UK's withdrawal. The Commission has also published over 60 sector-specific preparedness notices to inform the public about the consequences of the UK's withdrawal in the absence of any withdrawal agreement. Finally, by 30 March 2019 the two London-based agencies – the European Medicines Agency and the European Banking Authority – as well as other UK-based bodies, like the Galileo Security Monitoring Centre, will be leaving the UK and a number of tasks performed by UK authorities will also have to be reassigned away from the UK.

The Commission's preparedness work is coordinated by the Commission's Secretariat-General.



SEVEN THINGS BUSINESSES IN THE EU27 NEED TO KNOW In order to prepare for Brexit

July 2018

The United Kingdom (UK) will leave the European Union (EU) on Friday 29 March 2019 at midnight. This is exactly two years after it notified the European Council of its intention to withdraw.

As of 30 March 2019, the UK will be a third country. It is now urgent that businesses in the EU start preparing for the UK's withdrawal, if they have not yet done so.



1. YOU NEED TO PREPARE FOR 30 MARCH 2019

- If the Withdrawal Agreement is ratified before 30 March 2019, most of the legal effects of Brexit will apply as of **1 January 2021**, i.e. after a transition period of 21 months, the terms of which are set out in the draft Withdrawal Agreement.
- In the absence of a Withdrawal Agreement, there will be no transition period and EU law will cease to apply to and in the UK as of **30 March 2019**.

The negotiations between the EU and the UK on the terms of the Withdrawal Agreement are still ongoing. Once negotiations have concluded, the Withdrawal Agreement will need to be ratified. The future relationship between the EU and the UK can only be negotiated after the UK has left the EU.

In addition, even if the Withdrawal Agreement is ratified and an agreement on the future relationship is successfully concluded during the transition period, this relationship will not be that of a Member State of the EU.

Therefore, all businesses concerned have to prepare, make all necessary decisions, and complete all required administrative actions, before 30 March 2019 in order to avoid disruption.





2. RESPONSIBILITIES IN THE SUPPLY CHAIN

Under EU law, businesses have different responsibilities depending on where they are situated in the supply chain (e.g. manufacturer, importer, wholesale distributor, etc.). For example, post-Brexit, if EU27 businesses that buy goods from the UK are considered as importers for the purposes of EU product legislation, they will have another set of obligations under EU law. If you receive products from the UK, you should assess your responsibilities under EU law now.



3. CERTIFICATES, LICENSES, AND AUTHORISATIONS

If your activity relies on certificates, licenses or authorisations issued by UK authorities or by bodies based in the UK – or held by someone established in the UK – these may no longer be valid in the EU post-Brexit. You may need to transfer or seek new ones issued by an EU27-based body or authority. This is the case, in particular, for certificates, licenses and authorisations issued for goods (for example in the automotive sector, or the medical devices sector) and for services (for instance in the transport, broadcasting, or the financial sector). You should now take all the necessary steps to transfer certificates, licenses or authorisations issued in the UK to the EU27, or obtain new ones.



4. CUSTOMS, VAT AND EXCISE

For customs and indirect tax, it makes a big difference if you are moving goods within the EU or to/from a third country. Doing business with the UK post-Brexit will become more complex in terms of customs and VAT procedures. If you trade with companies in the UK, you should get acquainted with the EU procedures and rules that will apply post-Brexit, in particular if you have so far had little or no experience in trading with third countries.



5. RULES OF ORIGIN

When exporting products to third countries with which the EU has a Free Trade Agreement, exporters may enjoy a preferential tariff rate if the products have enough «EU content» according to rules of origin. Post-Brexit, you can no longer count on UK input to the finished product being considered as EU content. You should therefore examine your supply chains and start treating any UK input as “non-originating”, in order to ensure EU preferential origin for your goods.



6. PROHIBITIONS AND RESTRICTIONS FOR IMPORT/EXPORT OF GOODS

To protect health and safety and the environment, EU rules restrict the import/export of certain goods to and from third countries – for example, live animals, products of animal origin, and some plants and plant products, such as wood packaging. Imports/exports of certain commodities are subject to specific permits or notifications, for example in the case of radioactive material, waste, or some chemicals. Post-Brexit, goods destined to or coming from the UK will be subject to these EU rules. You should take the necessary steps to ensure compliance with the EU's import/export prohibitions and restrictions.



7. TRANSFER OF PERSONAL DATA

Currently, personal data can flow freely between the Member States of the EU. Post-Brexit, the transfer of personal data from the EU to the UK is still possible, but it will be subject to specific conditions set in EU law. Companies that are currently transmitting personal data to the UK should be aware that this will become a «transfer» of personal data to a third country. If the UK's level of personal data protection is essentially equivalent to that of the EU, and certain conditions are fulfilled, the European Commission may adopt an adequacy decision which allows for transfer of personal data to the UK without restrictions. However, companies should assess whether, in the absence of an adequacy decision, measures are necessary to ensure that these transfers remain possible.



CHECK THE EUROPEAN COMMISSION'S PREPAREDNESS NOTICES

Brexit may impact businesses in the EU27 in many other ways too. For example this concerns rules for companies registered solely in the UK but conducting business in the EU27, compliance of goods placed into the EU market, choice of auditors, choice of jurisdiction in contracts, and the recognition of professional qualifications. Check the European Commission's [preparedness notices](#)¹ and seek advice if any of these changes may affect your business.



WHERE CAN I FIND MORE INFORMATION AND WHO CAN ASSIST ME?

- The European Commission's website has over 60 [preparedness notices](#)² on a wide range of economic sectors. They are meant to help all market participants prepare.
- Consult the websites of the European Commission's [departments and agencies](#)³ active in the area that concerns you and your business.
- To get additional information and assistance, contact your national authorities, your local Chamber of Commerce and Industry, or your industry association.

This document is presented for information purposes only and should not be understood as a legal text. Its content is without prejudice to the negotiations on the Withdrawal Agreement and the discussions on the future EU-UK relationship.

¹ https://ec.europa.eu/info/brexit/brexit-preparedness_en

² https://ec.europa.eu/info/brexit/brexit-preparedness_en

³ https://ec.europa.eu/info/departments_en