



Brexit EU-UK Agreement; impact on exports to the Netherlands.

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How CableRoad can relieve the impact of the Brexit and support your exporting needs to the Netherlands and the EU.

On 24 December 2020 the EU and the UK concluded the EU-UK Trade and Cooperation Agreement (the EU-UK Agreement) setting out preferential arrangements in areas such as trade in goods & services, digital trade, intellectual property, aviation & road transport, energy, and other areas.

The EU-UK Agreement is provisionally applicable since 1 January 2021 and still has to be fully ratified by the European Parliament but not by the individual Parliaments of each EU member state. The EU-UK Agreement is the final outcome of the decision by the UK in 2016 to leave the EU and significantly changes the rules for UK companies exporting to the

Netherlands and the EU.

The EU-UK Agreement consists of:

- A Free Trade Agreement with cooperation on economic, social, environmental and fisheries issues,
- a partnership on citizens' security
- a governance framework.

The agreement covers not just trade in goods and services, but also a broad range of other areas, such as investments, competition, State aid, tax transparency, air & road transport, energy & sustainability, fisheries, data protection, and social security coordination.

The relevant highlights for our clients are, and this is the good news:

- Zero tariffs and zero quotas on all goods that comply with the appropriate Rules of Origin ("ROO").
- Both parties have committed to ensuring a level playing field by maintaining high levels of protection in areas such as the environment, social & labour rights, tax transparency & State aid, with effective, domestic enforcement, a binding dispute settlement mechanism and the possibility for both parties to take remedial measures.
- On transport, the agreement provides for continued and sustainable air, road, rail and maritime connectivity, though market access falls below what the Single Market offers.
- On social security coordination, the EU-UK agreement aims at ensuring a number of rights of EU citizens and UK nationals. This concerns EU citizens working in, travelling or moving to the UK and to UK nationals working in, travelling or moving to the EU after 1st January 2021.

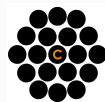
However, the bad news:

Please remember that despite all that has been agreed, the UK is leaving the EU customs union and is now also a third-party state for VAT purposes. This means that additional rules upon import apply and it does lead to less smooth imports from the UK into the EU with a lot more bureaucracy and obstacles. VAT will have to be paid upfront upon importation of goods

from the UK into the EU. This VAT due upon import can be reclaimed but in many instances, this will take significant time before local tax authorities return your VAT and thus creates a considerable negative cashflow impact for your business. CableRoad could help you manage and mitigate this cashflow impact!



CableRoad could support your business in the UK exporting goods to the EU.



Trade in goods

As repeatedly said, The UK is leaving the EU Customs Union and, as such, goods moving between the UK and the EU will be subject to new customs checks and procedures. The EU-UK Agreement does avoid the introduction of customs duties, export duties, taxes or other charges on goods moving between the EU and UK, which are produced in the EU or UK. However, these goods must comply with the ROO rules, this can be done through self-certification but could be checked of course. There will be no quantitative restrictions, i.e. there will be no quota limits in terms of the volume of imports or exports between the UK and EU. New customs controls and other requirements will apply from 1 January 2021 and the situation after that date will ultimately be one of new barriers

CableRoad could support your business in the UK navigating these new rules upon importing your goods into the Netherlands and the EU from the UK. We provide support on the new customs rules applicable, but also on VAT changes that are a result of the UK being a non-EU country now. CableRoad could under its license act as your fiscal representative and take over the VAT liability upon import and avoid a negative impact on your cashflow.

The EU-UK Agreement does contain some provisions to ease customs and assist with trade facilitation. The EU and the UK have agreed to recognise each other's 'trusted trader' – or Authorised Economic Operators (AEOs) – schemes, allowing AEOs in the UK and EU to continue to benefit from expedited and simplified customs procedures. As above, the deal also provides facilities for other products such as motor vehicles, equipment & parts; wine; medical products; organic products and chemicals.

Transport (Road & Aviation)

The EU-UK Agreement avoids disruption in road haulage, but new restrictions are imposed. The deal allows UK and EU road haulage operators to continue to move goods to, from and through each other's territories. However, it places limits on the number of additional movements that a road haulier can make once inside of the other's territory.

In relation to aviation, the Agreement provides for unlimited point-to-point traffic between the EU and the UK. However, airlines operating on a UK license will no longer be able to operate passenger or cargo flights between EU destinations or onward flights out of the EU, e.g. UK - Amsterdam-New York.

Financial Services

The financial services provisions of the EU-UK Agreement are very limited and have few commitments. UK-incorporated financial services providers will lose EU passporting rights on the first of January 2021. The European Commission stressed the importance of “respecting the Parties’ regulatory and decision-making autonomy” and insisted that financial services would be subject to unilateral equivalence decisions.

Summary

Despite the EU – UK Agreement being concluded, significant new barriers have been created for the trade in goods and services between the EU and the UK. CableRoad could support your business in the UK exporting goods to the EU, through the Netherlands, navigating these barriers. Most importantly CableRoad could support your business on avoiding a negative impact on your cashflow to avoid having to pre-finance the VAT due (21% on the value of the import) upon your imports into the EU!

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