Position Paper

On Track for a Trade Oriented Brexit?

In March 2017, as the UK Government invoked Article 50, EUROCHAMBRES presented its 'Trade Oriented Brexit' input to the negotiations on the UK's exit from the EU and on future relations.

18 months on, and little more than six months before the two year withdrawal negotiating phase is due to end, there remains considerable concern within the EU27 Chamber network about several of the issues highlighted in that paper. Most worryingly, the risk of a 'no deal' Brexit looms ever larger.

This new paper sets out these concerns, which serve to underline the crucial importance of avoiding a damaging 'no deal' Brexit and the consequent need to focus attention fully on completing and approving the Withdrawal Agreement. It also reveals the proactive role that the EU27 Chamber network is playing in preparing businesses for Brexit.

Priority number 1: ensure an orderly Brexit

One of EUROCHAMBRES' main calls in its 'Trade Oriented Brexit' paper was for a *"…measured approach to negotiations, with a clear and realistic timeframe"*.

This has not materialized and the business community finds itself trying to prepare for various scenarios while none the wiser about either the parameters or the timetable. Chambers are doing their utmost to provide guidance to member companies (see examples at the end of this document) and the work of the Commission's Brexit Preparedness Group is appreciated. However, preparing for an unknown outcome on an unknown date is challenging, costly and harmful. This is particularly the case for smaller businesses, thousands of which across the EU27 have direct or indirect commercial relations with the UK.

For this reason, EUROCHAMBRES' main message at this crucial phase is simple: **focus fully on finalizing the Withdrawal Agreement and, with this, ensure an orderly Brexit and transition phase until the end of 2020.**

We do not doubt the willingness of either party to achieve this objective or their dedication to the task, but given the political approval processes needed both at EU level and in the UK, every day now counts. This challenge is not insurmountable if both parties avoid a damaging blame game and adopt a constructive, pragmatic approach.

Future EU:UK relations

The UK Government belatedly set out its vision for future relations with the EU in July. While the EU's negotiators are of course thoroughly analysing and processing this submission, Chambers stress that discussions on future relations must not distract from the first priority of an orderly Brexit.

As set out in our March 2017 paper, EUROCHAMBRES emphasises the need for future economic relations that are based on *"practical, business-friendly new rules and procedures for trade in goods and services that are as simple as possible, minimizing additional costs"*. We also reiterate our call of 18 months ago for *"mechanisms to mitigate the escalation of non-tariff barriers and regulatory and administrative divergence"*. These pre-requisites must, in due course, be guaranteed.

More broadly, there is full consensus among EUROCHAMBRES' members that the integrity of the single market and the EU as a political and economic project must not in any way be undermined by the terms of the UK agreement. We urge the EU27 to remain similarly consensual, united and coordinated.

Although businesses would welcome clarity on future EU:UK relations soon, they recognise that this requires and indeed merits time. **To repeat therefore, the negotiations on future relations must not be allowed to jeopardise a timely agreement on the terms of the UK's withdrawal.**

Preparedness

With the nature of the ongoing discussions in mind, businesses need to prepare urgently for the hardest of all Brexit scenarios. EUROCHAMBRES and members of the Chamber network play a key role in providing support to businesses as they attempt to prepare for and adjust to Brexit.

This is not an easy process given that considerable uncertainty remains, but it is important to inform SMEs in particular and to help ensure that they have considered and start preparing for the likely implications, notably in relation to customs procedures and regulatory divergence.

Chambers are fulfilling this role in various ways, as the **examples of Brexit preparedness initiatives from the EU27 Chamber network on the next page** reveal.

EUROCHAMBRES and the Chamber network will continue to perform this preparedness role to the best of their ability. We look to negotiators on both sides to do the same and to strive for an orderly Brexit that can provide the foundations for a strong future relationship between the EU and the UK.

Examples of Brexit preparedness initiatives from the EU27 Chamber network

- The German Chamber has developed a 'Brexit Check-List' for companies in order to steer them through a self-assessment of the implications of different aspects of Brexit. This check-list has been translated by EUROCHAMBRES and shared with the Chamber network. German regional Chambers have organised about 120 Brexit events with more than 8.000 participants.

- The Austrian Chamber's 'Next Stop Brexit' tool similarly catalogues the different regulatory and administrative implications for businesses. The Chamber also organises Brexit seminars for entrepreneurs.

- Chambers Ireland has conducted annual surveys to gauge concerns of their members on the impact of Brexit and recommendations for negotiators. Chambers Ireland also organises expert briefings and training for local Chamber staff, for example on customs implications and procedures.

- The French Chamber has created an online forum that provides information and receives queries from businesses. The Chamber also facilitates webinars in which member companies can put questions to customs officials.

- The Flemish Chamber in Belgium organises local seminars that involve representatives from customs authorities and the export promotion agency. The Flemish Chamber is also actively promoting a Brexit Impact Scan developed by the Belgian Ministry of Economy.

- The Dutch Chamber has, with the national Enterprise Agency, established an online Brexit info-point for businesses and hosts regional information sessions.

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EUROCHAMBRES – The Association of European Chambers of Commerce and Industry represents over 20 million enterprises in Europe – 98% of which are SMEs – through members in 43 countries and a European network of 1700 regional and local Chambers.