

BREXIT A CORPORATE PERSPECTIVE

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Corporations and international trade

Multilateral trading system made for international business

- WTO, FTAs and BITs
- Benefits for economic operators – lower duties, international rules and dispute settlement

Corporations (generally) like

- Predictability and consultations
- Simple administrative procedures
- Dispute settlement and enforcement
- Liberal trading conditions

Assumption for this presentation

- Transitional agreement (UK in EU's common market until 2021), and then FTA with the EU

Consequences of Brexit

Predictability

- Brexit process has been riddled with uncertainty – almost impossible to plan

Simple administrative procedures

- EU common market is very easy to navigate for businesses – four freedoms, harmonized regulations and no customs
- Brexit, following transition period, leads to the possibility for diverging regulations and new customs procedures

Dispute settlement and enforcement

- European Court of Justice (ECJ), full compliance by EU Member States
- Brexit, following transition period, will bring judicial power back to London
- Possible divergent rulings on trade issues between the UK and the EU

Liberal trading conditions

Duties

- The UK has copied the EU's Common External Tariff at the WTO
- TRQs and tariff peaks
- Additional charge for businesses when trading between the EU and the UK
- Transition period would bring no duties, as the UK would be part of the common market
- A FTA between the EU and the UK would presumably eliminate duties, but some could remain
- UK announced to apply 0% duties on ca. 90% of tariff lines in case of Hard Brexit

Rules of origin

- All Free Trade Agreements require Rules of Origin
- Rules of origin are non-tariff barriers
- Possible additional burden on business

Business and Brexit

Operating environment

- Highly politicized
- Lack of clear political direction
- Government officials not in a position to address practical issues pending political agreement
- New government entities being created, new government officials appointed

Engagements

- Politicians
- Government officials
- Business associations

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