

DEFENCE SECTOR – PREPARING FOR BREXIT

UPDATED: 15 FEBRUARY 2019

With the UK set to leave the European Union on 29 March 2019, businesses of all sizes should take some practical steps now to prepare for whatever kind of Brexit lays ahead.

ACTIONS TO TAKE NOW

- Ensure any EU27 citizens you employ have applied for the [EU Settlement Scheme](#).
- Ensure you understand the new [European dual-use export licence](#) processes.
- Ensure you have [an EORI number](#) and can submit customs declarations for EU trade.
- Talk to your bank now about addressing potential cash flow or working capital problems.
- Work with customers so that you can continue to comply with contractual terms (ie [data protection](#), guaranteed delivery times or nationality restrictions on sensitive contracts).

1. Understand your workforce needs

If you are an EU citizen, or your company employs EU citizens, please apply to the [EU Settlement Scheme](#) to ensure the right to continue living in the UK after 30 June 2021.

If there is No Deal, companies should follow [FCO travel advice](#) for applying for work visas in EU countries and consider what 'right to work' checks (e.g. passport or national identity card) might apply.

2. Understand new EU export licence & regulatory requirements

In the event of a No Deal, UK exporters will need new [export licenses for dual-use exports](#) to the EU.

If relevant, companies should also [apply for third-country approvals](#) with EASA as soon as possible, and check whether suppliers will be affected by [shifting from the EU REACH](#) regime to [a UK regime](#).

3. Understand new customs procedures

UK businesses trading with the EU will need a [UK EORI number](#) to continue trading and this EORI number will also be needed to be able to apply for and be authorised for customs simplifications.

Businesses trading with the EU will likely be required to [submit new customs declarations](#), either directly or through a third party such as a customs broker or logistics provider. It is important that businesses contact their third-party provider to understand what information will be required.

4. Work with your banks to manage cash flow

If there is No Deal, companies will face a range of additional costs, including import VAT, import tariffs and added costs from new customs procedures or border delays. Companies should talk to their banks now about what overdraft and lending facilities can be put in place as an insurance policy.

5. Contact your customers

If there is No Deal, defence and security companies should contact their EU-based customers to ensure there are no restrictions on non-EU companies participating in sensitive contracts.

All companies should also assess whether you can continue to comply with contractual terms (e.g. [data protection](#) or guaranteed delivery times).

Access further advice

- [HMRC guidance for UK businesses that trade with the EU in the event of no deal](#)
- [HMG Partnership Pack \(Fourth Edition - February 2019\)](#)
- [ADS Brexit Hub](#)