

## BREXIT

There has been and no doubt will continue to be much discussion about the Single Market, the Customs Union and the Union Customs Code but do you know what these terms mean and their importance to international trade?



### The Single Market

Part of the EU membership treaty where member states (countries) agree that they will permit the movement of people, goods and finance between member states more or less as if the EU were just one country. This is the centre of the free movement debate. If the UK leaves the Single Market without having another agreement to replace it then borders between the UK and the EU27 will return along with rules that might obstruct or restrict the free movement of goods (documents will be required), people (passports, visas will be needed etc.) and restrictions on the movement of money and financial instruments could be introduced.

### The Customs Union

This is a separate agreement which is a kind of treaty. Under this agreement EU member states have agreed that goods moving within the EU will not be subject to import duty or what might be viewed as 'normal' documentation and procedures. If the UK leaves the Customs Union then duty could be imposed on goods being imported from the UK into the EU27 and on goods being imported from the EU27 to the UK. The rate of duty imposed would be subject to WCO rules, UK requirements and other international agreements such as the International Technology Agreement (ITA) where the UK is a member. For example the ITA guarantees lower or zero duty rates for technology products. The intrastat/ESL/VAT return system would no longer apply and normal third country customs entries would be required. Having left the Customs Union the UK would be able to negotiate its own Free Trade Agreements globally.

### The Union Customs Code (UCC)

This is an EU law not a treaty. It is the law that governs the procedures that apply as goods move into the EU or out of the EU, to or from third countries. The UCC became operative on 1<sup>st</sup> May 2016 and has a variety of transitional measures intended to ensure its full operation by 2020. The UK is subject to this law until it leaves the EU (probably sometime in 2019). The 'Great Repeal Bill' will then enshrine the UCC into UK law. After that the UK will be able to amend and adjust this law as it sees fit to promote and encourage international trade.

### Discussion

Care needs to be taken in the use of these terms. They are all important to BREXIT and do in many cases work together to produce an overall idea about how goods move around the EU but they are all separate and subject to separate discussion and negotiation. It is important to know the impact of each of them on your business and its future strategy for international trade.

**Need help?** Contact us:

Email: [Enquiries@morley-consulting.co.uk](mailto:Enquiries@morley-consulting.co.uk) Tel: +44 (0)7841133027 Web: [www.morley-consulting.co.uk](http://www.morley-consulting.co.uk)