

THE BRITISH CHAMBERS OF COMMERCE

BREXIT TRANSITION PRINCIPLES

Chambers of Commerce bring together businesses in cities, towns and counties across the nations and regions of the United Kingdom – and in many markets around the world. We help businesses connect locally, create successful places, link local businesses to global opportunities, and campaign for members' interests.

In the wake of the electorate's historic vote to leave the European Union, Chamber businesses are now considering the opportunities and challenges inherent in the political and economic transition that lies ahead.

Chamber members are – rightly – focused on the impact of this transition on their own business models and prospects. At the same time, they expect HM Government and the Bank of England to deliver stability of markets, clarity on the political timetable for transition, and firm action on those matters that are entirely within Westminster's gift.

Chambers of Commerce believe the following principles must guide the work of the Government as it approaches the negotiations on the UK's exit from the European Union – as well as any future new trade arrangement – to ensure the best possible outcome for the diverse business communities we represent:

TRADE

The best possible terms of trade for British businesses with the EU-27

- Work with business, large and small, to define a principles-based negotiating position, with the objective of achieving the best possible terms of trade for UK businesses with the EU.
- Avoid 'capture' by the interests of multinational companies or single sectors – adopt a whole economy approach, with business communities in regions/nations consulted as well.
- Aim for a UK-specific agreement – with no rush to accept any 'off-the-shelf' model.

Ensure that UK businesses can continue to benefit from existing FTAs following Brexit

- Work with governments in third countries with EU FTAs to agree transitional arrangements, and communicate these clearly to British businesses.

Deep consultation with business on further priority markets for free trade deals

- With limited trade negotiation capacity, government must consult widely with exporting and importing businesses of all sizes to prioritise markets for attention – so that any newly-negotiated free trade deals have the maximum day-one impact on UK trade.
- British Chambers, both in the UK and around the world, stand ready to support HM Government in developing this approach.

A revitalised and expanded trade mission and trade fairs programme must be a top immediate priority

- Current programme is too small, low-profile, slow – and focuses too much on ministerial deal-signing rather than supporting real-world businesses.
- Businesses of all sizes, regions and sectors say an expanded trade mission and trade fairs programme with more generous government support would boost exporters' confidence, build links with key trade partners and underpin deals.

LABOUR MARKET

Immediate certainty for businesses on the residence rights of their existing EU workforce

- The skills of existing EU workers are crucial to the success of businesses, and must be retained. Absolute certainty is the fair thing to do – both for EU employees and their UK employers.
- This should not be contingent on any other aspect of the UK's negotiations with the EU-27.
- Businesspeople are worried about reports of intimidation in the workplace of their non-UK colleagues and employees. Chambers will continue to be vocal in speaking out against this kind of behaviour and stand ready to work with government, the media and others to counter it.

Clarity for businesses on hiring from other EU countries during the transition period

- Firms are already asking whether they can and should hire EU nationals, needed in their businesses for their specific skills. Government must give business clarity on whether new EU hires will be able to continue post-Brexit – businesses must not be asked to take this on risk.

A future immigration policy that allows businesses to meet demonstrable skills needs from the EU-27 with minimal bureaucracy, cost or barriers

- Businesses firmly oppose bringing EU nationals within the scope of the existing Home Office points-based system – which is costly and bureaucratic, particularly for SMEs. It is also incapable of handling the volume such a move would generate.
- If EU-27 citizens are subject to future restrictions, a simple and light-touch system is required.

EU FUNDING

An immediate Treasury guarantee for all programmes co-financed by the European Union to 2020

- Business communities are adamant that all UK areas should have a guarantee that they will get the amount of EU funding planned through 2020. This is vital to local productivity, business supply chains, and business confidence. Our universities, as

major beneficiaries of EU research and capital funding, are also important catalysts for our cities and regions, whose dynamism must be assured.

- HM Treasury to use its new fiscal mandate to guarantee all EU-funded programmes against risk of withdrawal of European co-financing part-way before their conclusion in 2020. All projects that are already approved or that are close to final approval should be guaranteed.
- Such a guarantee would ensure local regeneration programmes, key infrastructure schemes, R&D and back-to-work programmes continue.

Maintain UK access to the European Investment Bank

- EIB loans are critical for major infrastructure and utilities programmes that support the productivity of business communities across the UK.

REGULATION

Short-term stability of the regulatory framework is essential – avoid major changes

- Businesses value a stable regulatory framework over disruption and change at a time of transition and uncertainty. All existing EU regulations, where businesses have already incurred the costs of adjustment and adaptation, should be maintained for a minimum period before any changes are suggested – even if the object of change is deregulation.
- HM Government should consider the legal implications of a full incorporation of existing EU regulation into UK law - up to a certain date - with clear provisions for future repeal or change through secondary legislation as a more thorough review is conducted. Businesses would not be pleased with a piecemeal ‘great repeal’ act, no matter how politically attractive, because of the uncertainty it would cause.

TAXATION AND CUSTOMS

A clear transition period for the complex indirect tax issues facing businesses and trading partners

- Better to accept existing arrangements and have a period of stability before embarking on major changes, which will result in significant costs to businesses.
- There must be no premature disengagement on Brussels-linked tax issues affecting British business – which will continue to have an impact for some time.
- HMRC must remain engaged in all EU-level tax policy discussions until the UK leaves the EU.

Future customs procedures at the UK border to be developed together with business

- Regardless of any future trade agreement between the UK and the EU, there will be significant changes to customs and border procedures for businesses – whether exporters and importers. This area requires top-level ministerial attention, given the impact on firms and consumers.

- Chambers of Commerce stand ready to facilitate a wide consultation with businesses across the UK on customs and border management issues – and the development of a new UK Customs Code.

Work with Chambers of Commerce to develop a new UK Origin model – to benefit exporters

- We stand ready to develop and implement a new model with government, based on the 1923 Geneva Convention, the 1999 Revised Kyoto Convention and other international agreements – to ensure a seamless transition to a new UK origin system, in the interests of businesses and the economy.

NORTHERN IRELAND / IRELAND

No hard border on the island of Ireland

- Businesses across Great Britain, Northern Ireland and the Republic of Ireland are united in their desire to maintain trade and people flows across the Northern Ireland / Republic of Ireland border.
- Deep consultation with business, particularly in Northern Ireland, is required to ensure post-Brexit arrangements keep trade flowing throughout these islands.

For more information, please contact:

Anastassia Beliakova, International Affairs Officer

a.beliakova@britishchambers.org.uk | 020 7654 5405