

PRESS RELEASE

No-deal Brexit scenario shows the need for a flexible IT landscape

- No-deal Brexit will mean more red tape and extra costs for importers and exporters
- A flexible IT landscape can help to master future global trade challenges



August 24, 2018 – UK government publications of August 23, 2018 with a range of “technical notices” explain how trade between the UK and EU countries might change in case the UK was to leave the EU (and its Single Market and Customs Union) without a deal on March 29, 2019. The UK would become a third country in this scenario and would have to fall back on WTO rules and tariffs. How can businesses prepare for the resulting mountain of red tape and extra costs? The answer lies in a flexible IT landscape – and the time to wait has passed now.

These recent government’s notices make it clear that anyone importing goods into the UK from the EU, or exporting goods to the EU from the UK, will have to comply with customs procedures where these were not previously necessary. That’s because they will be required to follow customs procedures in the same way that they currently do when exporting goods to a non-EU country.

In a nutshell, businesses importing and/or exporting from/to the EU will need to submit import and export declarations and, depending on the type of goods they move, may also need an import or export license. They will have to register for a UK Economic Operator Registration and Identification (EORI) number, meaning slower processing times and increased costs for euro transactions. Importers will have to file customs declarations for goods from the EU, and exporters will have to submit an export declaration. The latter may need to be lodged in advance so that permission to export is granted before the goods leave the UK.

It’s high time for businesses now to shape up the relevant software to avoid border delays and incorrect duty payments. Companies working with (or now considering engaging) customs brokers, freight forwarders, or logistics providers to support them with these new requirements should keep in mind that a tremendous rise in service provider engagements is expected and a successful collaboration with partners also relies on a flexible global trade IT landscape and partner integration, which results in lower transactional costs and faster declaration processing times.

New tariffs, classifications, and procedures

To complicate things even further, HM Treasury would establish a new UK trade tariff to replace the EU Common Customs Tariff (CCT) for imports to the UK. The tariff would contain rules for determining the amount of import duty applicable to those goods based on their description (the commodity code) and country of origin. It would also set out import procedures, such as how the value of a good is calculated, and which forms, codes, and procedures are to be used.

While this sounds like a bureaucratic nightmare, it is also an opportunity – and a good reason – for establishing a flexible IT landscape for global trade that can easily adopt new customs procedures. This not only saves time and money, but also builds the foundation from which to master any upcoming global trade changes – and not just Brexit.



New urgency for automation and digitization

The right customs platform fully integrates into a company's overall global trade and supply chain management processes, standardizing and accelerating processes and, importantly, reducing costs and eliminating maintenance efforts. Once all relevant workflows, data, and partners are fully integrated into a company's end-to-end supply chain processes, they can deliver added-value, efficiency, and regulatory compliance – ultimately accelerating and securing the value chains. For businesses in the digital age, this is direly needed for survival in today's fast-changing and competitive environments.

Geoff Taylor, Managing Director at AEB (International) Ltd, said: "Forward-looking businesses should be implementing solutions that drive forward the digitization agenda of their business while mitigating risks from Brexit as much as from other global trade changes. Smart automation allows companies to accelerate the various customs processes and save valuable resources.

Based on the latest government notices, this refers especially to import and export filing, license management for dual-use and controlled goods, as well as product classification and duty calculations. The right software enables internationally active companies to continue trading efficiently and in compliance with all the latest regulations. The good news about this kind of investment is that it won't be wasted whichever way Brexit will go. The time to wait has past, latest publications make it clear that traders need to act now."

The government's various technical notices can be found at

<https://www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal#importing-and-exporting>.

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About AEB (www.aeb.com)

For over 38 years, AEB has developed software to support the global trade and logistics processes of businesses in the industrial, commercial, and service sectors. More than 5,000 customers from over 35 countries use AEB solutions for transport and warehouse management, import and export management, origin and preference management, and much more. They benefit from enhanced efficiency, compliance, and transparency – domestically and internationally – thanks to features such as multi-country customs and global embargo checks, improved collaboration with supply chain partners, and automated shipping processes. AEB's portfolio extends from ready-to-go online solutions to comprehensive international logistics solutions. The company has offices in the UK, Germany, Singapore, Switzerland, Sweden, the Netherlands, Czech Republic, France, and the US, and runs its own certified data center in Germany.