ARE YOU BREXIT READY?

Important focus areas for goods exporters from Flanders
Brexit is a fact. On 31 January 2020, the British officially left the EU. What follows is a transitional period during which the UK will remain part of the European internal market and customs union until 31 December 2020. The UK and the EU will use this transitional period to negotiate a free trade agreement. The aim is to avoid import tariffs and to reduce non-tariff barriers to trade.

However, the day after the transitional period, from 1 January 2021, businesses will need to consider the arrival of customs formalities, food safety controls and – possibly – divergent regulations. Good preparation is a must.

**Focus areas for exporters**

What should your company be aware of? Flanders Investment & Trade covers these aspects in a series of focus areas for Flanders-based exporters:

- the state of affairs;
- customs formalities in Belgium (including VAT and excise duties, import duties and rules of origin);
- import formalities at British customs;
- payment transactions;
- customs authorizations;
- exchange rate fluctuations;
- standards;
- accreditation and conformity;
- packaging;
- plants and plant products;
- export licenses;
- contracts;
- intellectual property;
- HR processes;
- services provided by FIT and VLAIO;
- subsidies;
- conclusion and summary in six tips.
Since the historic Brexit referendum in June 2016, political developments have been hard to keep track of. The first Brexit deal negotiated between the UK and the EU was rejected time and again by the British House of Commons. Consequently, the UK government asked the EU member states to postpone the deadline three times. In the meantime, a change of power occurred at 10 Downing Street. What followed was a new deal, but this one also got a ‘Nay’ from the House of Commons. The only way out of the impasse: early elections.
The day after those elections, on Friday 13 December 2019, the Conservative Party of British Prime Minister Boris Johnson emerged victorious. The result? Johnson was able to have the newly negotiated Brexit agreement quickly approved by the British House of Commons. Shortly after, the deal was also ratified by the European Parliament – allowing the UK to officially leave the EU on Friday 31 January 2020.

**Brexit is a fact: what now?**

Brexit is followed by a transition period in which the UK will remain part of the European internal market and customs union until at least 31 December 2020. During this period, nothing will change for Flanders-based export companies trading with the UK.

From February 2020, the UK and the EU will make use of the transitional period to negotiate a free trade agreement. The aim is to avoid import tariffs and to limit non-tariff barriers.

It is still unclear what the outcome of these negotiations will be. However, it is certain that Flanders-based companies exporting to the UK will have to deal with customs formalities and food safety controls from 1 January 2021 (the day after the transitional period). Deviating regulations may also need to be taken into account. Optimal preparation for commercial activities after the transitional period is therefore a must.
Step by step: how to export goods to the UK after Brexit

When the UK leaves the EU on 31 January 2020, there will be a transition period during which everything will remain the same for the time being. However, the day after that period – from 1 January 2021 at the earliest – Flanders-based exporters will have to deal with customs formalities, food safety controls and possibly changed regulations, among other things. This step-by-step plan helps you prepare for business after Brexit.

**STEP 1  APPLY FOR AN EORI NUMBER**

To fulfil customs formalities at the Belgian border, you need a Belgian EORI number. Submit your application via financien.belgium.be/nl/douane_accijnzen/ondernemingen/financiën-eori/eori (available in Dutch only).

**STEP 2  COMPLETE THE EXPORT DECLARATION (OR OUTSOURCE THIS TASK)**

Before your goods can leave the EU customs territory for the UK, you must submit an export declaration via PaperLess Douane & Accijnzen (PLDA), the Belgian customs declaration system. You can do this yourself or outsource this obligation to a Belgian customs representative. A complete list of customs representatives can be found at financien.belgium.be/nl/douane_accijnzen/ondernemingen/douanevertegenwoordiger (available in Dutch or French only).

**STEP 3  FOLLOW UP ON THE JUSTIFICATION OF YOUR VAT EXEMPTION**

In case of a hard Brexit, you do not have to charge VAT on the sale of goods shipped to the UK. However, to justify this VAT exemption, you will need to formally prove that the goods have crossed the EU’s external border. To do so, you will need to retain ‘Part 3’ of the customs declaration in your possession. Furthermore, the sale of services will also be free of VAT charge after a hard Brexit. After all, the supply of services to third countries is not subject to VAT, nor is there any customs inspection carried out on this type of activity.

**STEP 4  VERIFY IF YOU ARE RESPONSIBLE FOR HANDLING BRITISH IMPORT DECLARATIONS**

Verify the ‘Incoterms’ of your contracts to see if your company is responsible for handling UK import formalities. If so, you will need to request a British EORI number via gov.uk/eori. This can be done with or without a British VAT number. Alternatively, you can outsource British import formalities to a customs and/or fiscal representative.

By using certain customs permits, you could save time and money. Read more at www.brexitready.be under ‘Belgische douanevergunningen’ (available in Dutch and French only).
Would you like to complete British import formalities yourself and deliver your goods to your customer’s door in the UK? In that case, you will have to pay British VAT on import. To enable reverse charge on import VAT, it is advisable to apply for a British VAT number via [gov.uk/vat-registration](http://gov.uk/vat-registration). You can also work with a British tax representative for this purpose.

**STEP 5  MAKE SURE THAT YOUR CARRIER IS WELL PREPARED (ON BOTH SIDES OF THE CHANNEL)**

For each shipment, your transport company must complete a ‘Safety & Security Declaration’ or an ‘Entry Summary Declaration’ via the online ICS system: [gov.uk/guidance/import-control-system](http://gov.uk/guidance/import-control-system). For RoRo transport by ferry, this must be arranged at least two hours before the goods arrive at the UK border. For transport via the Eurotunnel, the deadline is one hour before arrival.

Furthermore, the driver must have a Master Reference Number (MRN) or British EORI number that can prove that the British import declaration was completed in advance.

**STEP 6  CALCULATE ALL INTERNAL ADDITIONAL COSTS**

Based on your current UK transactions, you can identify the additional costs associated with Brexit. Consider, among other things, the costs of customs formalities, adjustments to IT infrastructure and logistical changes.

**STEP 7  SAFEGUARD YOUR BUSINESS FROM EXCHANGE RATE FLUCTUATIONS**

Because of Brexit, the pound sterling has become more volatile, exposing your business to higher exchange rate risks. You can protect yourself against this by negotiating contracts in euros or by including an exchange rate clause. If all of this is not possible, consult your bank for tailored support.

More info can be found at [www.brexitready.be](http://www.brexitready.be) under ‘Wisselkoers-schommelingen’ (available in Dutch only).

**STEP 8  PROTECT YOUR INTELLECTUAL PROPERTY IN THE UK**

British authorities will create new UK trademark rights for existing European trademarks and community designs. Ongoing applications will have to be resubmitted to the British Intellectual Property Office (IPO). After Brexit, you will need to apply for a British trademark or design similar to your EU trademark or community design.

**STEP 9  DIVERSIFY YOUR EXPORT MARKETS**

If the UK is one of your company’s most important markets, it’s advisable to explore alternative markets for your products as well. Flanders Investment & Trade is happy to help you evaluate the diversification possibilities for your business. Good to know: you may be eligible for subsidies to support you in this exercise.
Post-Brexit customs formalities in Belgium

Brexit will effectively see the UK leave the internal market as well as the European Union. The consequence? Customs formalities will be reintroduced between the EU and the UK starting from 1 January 2021 (the day after the transition period). As a result, exporters will need to submit more documents for shipments to the UK than just an invoice. From then on, the number of export declarations alone is set to increase by as much as 47%, according to the predictions of the Belgian General Administration of Customs and Excise Duties (AAD&A). There is, however, much more involved in customs formalities.

**INVEST IN KNOWLEDGE-BUILDING AND ICT**

Preparing and submitting export declarations. Submitting goods and documents for inspection. Paying import duties or other charges. Implementing commercial policy measures such as quotas, anti-dumping duties and origin markings. Because of Brexit, many Flanders-based SMEs will have to deal with these kinds of customs formalities for the first time.

You will have to bring your administrative knowledge up to date and roll out specific software packages to prepare for your ‘trial by fire’. Organizations such as Syntra and Voka offer courses to build up that know-how internally. The following administrative aspects deserve your attention:

**EORI NUMBER**

First, request your EORI number (Economic Operators’ Registration & Identification). The number is used to identify your company during customs procedures. To register for an EORI number, visit: [financien.belgium.be/nl/douane_accijnzen/ondernemingen/financiën-eori/eori](financien.belgium.be/nl/douane_accijnzen/ondernemingen/financiën-eori/eori).

**EXPORT DECLARATIONS**

Suppose that, once Brexit is effective, your goods are ready to be shipped to the UK. Before they can leave the customs area, you must submit an export declaration via PaperLess Customs and Excise (PaperLess Douane en Accijnzen - PLDA), the customs declaration system. If you have the necessary background knowledge and your own customs software, you can do that job yourself. If the purchase of such a software package is not an option or if you do not have the right know-how, you can also get a customs representative to handle the declaration for you.

**“Will I have to pay import tariffs after Brexit?”**

That depends on a possible free trade agreement. The day after Brexit, a transition period will start. During this period, the UK and the EU aim to negotiate a free trade agreement without import tariffs or quotas.
**VAT**

After Brexit, you will not have to charge VAT on the sale of goods that are shipped to the UK. To justify this exemption, however, you will have to **formally prove that the goods have crossed the EU’s external border**. Copy 3 of the customs declaration is one of the most important documents used to support this claim, so ensure that you receive it.

The procedure is as follows: the customs office of exit – let’s say the Port of Zeebrugge – determines the actual export of your goods. It then sends you, the declarant, an electronic message allowing you to print Copy 3 of the customs declaration.

For more information: [financien.belgium.be/nl/douane_accijnzen/ondernemingen/brexit/btw](http://financien.belgium.be/nl/douane_accijnzen/ondernemingen/brexit/btw)

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**Excise Duties**

Brexit also entails additional procedures for the export of excise goods such as alcohol and tobacco. In addition to the EMCS formalities that you are already handling in the control of excise movements, you will **also need to submit export declarations through the PLDA declaration system**. It is crucial that you coordinate the information exchange between the two systems seamlessly by adapting your administrative and IT processes. You can also seek the help of a customs representative for this.

Please note that it is not possible to outsource the formatting of electronic administrative documents (e-ADs) for excise goods under suspension of payment. You have to take care of this yourself from your tax warehouse. In this case, clear communication with your customs representative is vital to coordinate all administrative processes.

For more information: [financien.belgium.be/nl/douane_accijnzen/ondernemingen/brexit/accijnzen](http://financien.belgium.be/nl/douane_accijnzen/ondernemingen/brexit/accijnzen)

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**Will I need to indicate the origin of my goods?**

As part of a free trade agreement (FTA), the UK and the EU may or may not decide to draw up an origin protocol. However, there is a good chance that the future FTA will stipulate that proofs of origin will be required in order to declare that your goods come from the EU. The cumulation rules will also be important in this respect.


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**Would you rather outsource customs formalities?**

Flanders has hundreds of customs representatives who can provide practical support with:

- fulfilling all customs formalities for your export activities;
- checking whether import tariffs apply to your goods;
- estimating the costs that additional customs formalities would entail.

For a list of accredited customs representatives, please go to: [www.financien.belgium.be/nl/douane_accijnzen/ondernemingen/douanevertegenwoordiger](http://www.financien.belgium.be/nl/douane_accijnzen/ondernemingen/douanevertegenwoordiger)
Due to Brexit, customs formalities between the EU and the UK will be resumed. As a Flanders-based exporter, you will have to submit export declarations, identify your company to Belgian customs using an EORI number, etc. Your customer – the British importer – is responsible for handling import formalities on the other side of the Channel. However, if you prefer to retain more control over transport and delivery, you can decide to fulfil British import formalities as well. Here’s what you need to do.

**APPLY FOR A BRITISH VAT NUMBER**

To export from Flanders to the UK, a Belgian VAT number is sufficient. The importer will then take care of the British VAT declaration. But suppose you want to deliver your goods to your customer’s doorstep. Then, you must also complete the import formalities and pay British VAT yourself. In that case, it’s advisable to apply for a VAT number in the UK. Consequently, you do not have to pay VAT immediately upon arrival of the goods; you can postpone this payment until the next VAT return.

You can apply for a British VAT number at HM Revenue & Customs (HMRC): [www.gov.uk/vat-registration](http://www.gov.uk/vat-registration).

**GET A BRITISH EORI NUMBER**

Flanders-based exporters who want to fulfil the British import formalities themselves will first have to apply for an EORI number in the UK at the British customs authority HMRC. You can submit your application with or without a British VAT number. More info on the application procedure – which is free and fast – can be found at [www.gov.uk/hmrc/get-eori](http://www.gov.uk/hmrc/get-eori).

If you prefer to outsource British import formalities, you can choose to collaborate with a British customs and/or tax agent.

**“Will I have to deal with long waiting times at the border after a hard Brexit?”**

That depends on how well prepared you are. British customs stated that they will not carry out any additional checks on lorries in the event of a hard Brexit – provided that you have prepared the necessary formalities in advance (see overleaf). However, customs will continue to carry out random checks based on risk analysis, as is already the case. If additional checks prove necessary, these will be carried out as much as possible at in-land checkpoints. The UK is also planning to further expand these in-land checkpoints in the future.
SUBMIT BRITISH IMPORT DECLARATIONS

As soon as you possess a British EORI number, you can submit the necessary import declarations to British customs via the CHIEF system.

Import declarations can be made partly before and partly after the arrival of your goods at the British port.

ADD EXPORT LICENSES (IF NECESSARY)

For certain types of goods, you’ll also need to add export licenses to your British import declaration (see also the ‘Belgian customs formalities’ and ‘Export licenses’ info sheets). Fortunately, the list of such products is short. It includes ungraded diamonds and strategic goods such as weapons, ammunition and dual-use products. In specific cases, you’ll also have to add export certificates, such as phytosanitary certificates. For most food products and animal feeds of Belgian origin, however, no health certificate will be required.

REGISTER ALL SHIPMENTS

For every shipment that leaves Flanders for the UK, your transport company must fill out a digital form in the Import Control System (ICS). This form is called the ‘Safety & Security Declaration’ or ‘Entry Summary Declaration’.

Do you transport roll-on/roll-off goods by ferry – unaccompanied or accompanied? Then this form needs to be completed two hours before the arrival of the goods in the UK. For transport via the Eurotunnel, the ultimate deadline is one hour before arrival at the control zone in France.

PROVIDE THE NECESSARY SUPPORTING DOCUMENTS

Once you have completed all British import formalities, the driver who transports your goods to the UK must also be able to prove this at the border.

He or she will need one of these two pieces of evidence:

- a Master Reference Number (MRN) – this reference proves that you have completed the British import declaration in advance;
- the British EORI number used by the importer to complete the import declaration.

Support for UK branches that complete customs declarations

Does your company operate a British branch and will the staff fulfil the British customs declarations themselves? For the necessary personnel training and IT improvements, your business may be eligible for grants from the UK government:

- training – max. £2250 per course for external training and max. £250 per employee per course for internal training;
- IT improvements – max. €200,000.


This sheet was compiled based on data and documentation made available by British authorities at the time of writing. Flanders Investment & Trade is not liable for any inaccuracies or omissions. For all updates from the British government, visit: www.gov.uk/government/publications/partnership-pack-preparing-for-a-no-deal-eu-exit/preparing-for-a-no-deal-eu-exit-step-by-step-guide-to-importing.
Post-Brexit customs authorizations

Companies trading goods between the UK and the EU will face new customs formalities starting from 1 January 2021, the day after the Brexit transition period. This is a delaying factor to be reckoned with. Fortunately, your organization can save time and money by obtaining the right customs authorizations ahead of time.

**APPROVED PLACE AUTHORIZATION**

This authorization saves you from having to move your EU export goods to the customs clearance office, allowing you to have them depart from an approved loading place of your choice. This means that you avoid making an additional ‘stop’ at customs during your logistics flow and your goods are therefore handled faster. If customs carries out an inspection, this will also happen at one of your own sites under optimal conditions with adapted materials, spaces, equipment, and so on.

**OUTWARD PROCESSING RELIEF (OPR) AUTHORIZATION**

Under this outward processing procedure, you export goods so that you can process, rework or repair them outside the customs territory of the EU. You can then release the final product for free circulation within the EU, with total or partial exemption from import duties. In any case, you only pay import duties on the added value of the upgraded product.

However, no import duties are levied in the case of:
- repairs resulting from a contractual or statutory warranty obligation;
- a manufacturing defect;
- a material defect.

The Outward Processing Relief authorization is valid for 5 years and is especially useful for firms that establish (part of) their production activities in the UK.

**INWARD PROCESSING RELIEF (IPR) AUTHORIZATION**

Under the Inward Processing Relief procedure, you import goods from outside the EU to process, rework, repair or use them without having to pay import duties. If you bring the ‘finished’ end products into free circulation within the European market, you will have to pay import duties. But you will be exempt from them if you export the end products outside the EU.

In other words, the IPR authorization will benefit companies that import their raw materials from outside the EU and export their final product to the UK, for example. Its validity is 5 years.

**CUSTOMS WAREHOUSING AUTHORIZATION**

This authorization allows you to store imported goods that are not modified in an approved area under the supervision of the customs authorities. Import duties, VAT and other levies need only be paid when the goods are removed from the customs warehouse and delivered at a destination within the EU. If your goods are not intended for an EU market, such as the UK after Brexit, these levies will not apply.

Please note: to obtain a customs warehousing authorization, you must always be able to make your goods and the associated paperwork available to customs for a possible check.
ATA CARNET

The ATA carnet is an international document for the temporary export of goods. The idea, therefore, is that the goods will return to Belgium. Before you leave, ask VOKA for an ATA carnet for the relevant goods and you will pay a surety. It is also possible to sell some of the goods in the UK. However, if you do, you will need to follow these regularization procedures, at the very least:

- **in the UK** – issue an import declaration, pay customs duties and VAT on the goods that remain in the UK, and have this certified on your ATA carnet.
- **in Belgium** – upon returning, submit a final export declaration for the portion of the goods sold in the UK. You must also present the ATA carnet, together with the goods returning to Belgium, to customs and have them certified. This ensures that your ATA carnet is discharged and you get your guarantee back.

The ATA carnet is valid for one year each time, in 74 countries. It is interesting for companies that regularly participate in trade fairs or go to the UK looking for prospects. It is important to remember that the ATA carnet is not supplied by the customs authorities, but by a Chamber of Commerce, even though you always need customs to certify its validity. In contrast to the free customs authorizations, there is a charge for an ATA carnet.

**Tip**

For more details on the ATA carnet, please visit [www.voka.be/diensten/ata-carnet](http://www.voka.be/diensten/ata-carnet). For the list of countries where it is valid and for more information about permitted or excluded goods, please visit [financien.belgium.be/nl/douane_accijnzen/ondernemingen/douane](http://financien.belgium.be/nl/douane_accijnzen/ondernemingen/douane) (in Dutch under the heading “tijdelijke uitvoer met commercieel karakter – carnet ATA”).

**More Details**

Hedging currency risks

The pound sterling has been seriously hit by Brexit. And although it is perfectly possible to set up safeguards against currency risks, only a minority of SMEs are currently taking this step. We outline the possibilities and cases in which hedging is appropriate.

Since the UK has never been part of the eurozone, as an exporter, you have always had to take into account the exchange rate between the pound sterling and the euro in your price calculations. The difference is that the currency has become more volatile as a result of Brexit hiccups. You should negotiate **euro contracts** with your customers in the UK whenever possible. Or, try to include an **exchange rate clause** in your contracts to allow for price adjustments. If that does not work, consider whether you should hedge currency risks.

Hedging instruments

Fortunately, there are many instruments to protect you against the effects of a falling pound sterling. The most common is the **forward contract**. This simple method works as follows:

- Suppose you are to receive your payment in pounds over three months. In such a case, you can enter into an agreement with your bank allowing you to sell a certain amount of pounds on a specific date at a specific rate.
- The rate in the forward contract is calculated on the basis of the spot rate and the swap points, i.e. the interest rate difference between the pound and the euro upon concluding the forward contract.
- On the due date, you will sell the pounds that you receive at the forward rate set in the forward contract, regardless of the sterling exchange rate at that time.

The advantage: no need to worry about a possible drop in the pound between the hedging date and the time payment is made. The flip side of a forward contract is that you cannot take advantage of a possible rebound in the pound value in the same period.

**Tip**

Even though the forward contract is the most common instrument in hedging foreign exchange risks, it certainly is not the only one. Talk to your banker for the best solution in your specific situation.
THE IMPORTANCE OF YOUR PROFIT MARGIN

Profit margins can vary a lot from one sector to another. For exporters with very small profit margins, a 5 or 10% drop in the exchange rate will cause their profitability to melt like snow in the sun. But if your margin is around 30%, for example, you can easily absorb a fluctuation of that order of magnitude.

THE SIZE OF YOUR TURNOVER IN POUNDS

What is your exposure to currency fluctuations? And what is the share of your pound turnover in relation to your total turnover? The greater that share, the heavier a fall in sterling value will weigh on your earnings. In other words, your hedging efforts should be proportional.

THE LENGTH OF THE BIDDING STAGE

If you allow for a considerable amount of time to elapse between your quotation date and a contract’s signature, this exposes your company to currency risks over a long period of time. Protecting yourself with a forward contract during the bidding stage is not recommended either, as you are bound by it even if it does not lead to a deal with your customer. In this case, you should take an option. This protects you—subject to payment of a premium—from an unfavorable exchange rate evolution, while you retain the right to opt out of the hedging if the contract is not secured.

THE PAYMENT TERMS

Do you give your customers ample payment terms or do you sometimes allow them to postpone payment? In that case, too, your company will be exposed to possible currency fluctuations for much longer than when the term is very short.

THE DURATION OF THE CONTRACT

If you conclude contracts that run over long terms, you should definitely seek your bank’s advice. With purchase contracts, it is true that assured purchases require a different exchange rate strategy than potential ones. Partial hedging may therefore be worth considering.

YOUR COMPETITORS’ STRATEGIES

Suppose you hedge currency risks, but your competitors don’t. Your competitors will benefit from a strengthening of the pound during the term of your forward contract. Conversely, if the currency value drops, you will regain a competitive edge.

Get clarity from your bank

If you are realizing a substantial turnover in pounds and are exposed to currency fluctuations for a long time, be sure to involve your banker in time. In consultation with you, they will conduct an analysis tailored to your situation and calculate the difference between a contract in euros and a sterling contract with hedging. This should allow you to create a buffer against potential falls in sterling value and you will not see the profitability of your exports to the UK shrink as a result of a currency decline.

HEDGE OR TAKE THE BAD WITH THE GOOD?

Is hedging foreign exchange risks an absolute must for every exporter trading with the UK today? The answer is ‘no’. What’s more, some companies are taking the bad with the good very rationally. When deciding on your course of action, take these factors into account:
How does Brexit impact your payment transactions?

International payments are a complex matter – and Brexit only adds to the complexity. That is why the European Payment Council (EPC) decided to err on the side of caution by introducing a transition period for international payments. This will ensure financial transactions between European and British organizations are safeguarded until 31 December 2020. But what happens next?

BRITISH SEPA MEMBERSHIP UNDER THREAT?

A detailed agreement must be reached before 31 December 2020 as a basis for a more permanent solution. Its content will depend on the type of withdrawal agreement negotiated between the EU and the UK. The key question is: will the UK remain part of the Single Euro Payments Area (SEPA) or not?

OPTION 1: THE UK REMAINS PART OF SEPA

If the British government concludes a free trade agreement with the EU, then the UK is likely to be able to maintain its SEPA membership. All payments in euro between countries belonging to this Single Euro Payments Area are considered as internal payments and, therefore, do not entail any additional transaction costs. Depending on the legal framework of the Brexit deal, the EPC will determine whether the UK still meets the necessary criteria for SEPA membership.

OPTION 2: THE UK LEAVES SEPA

If the UK and the EU fail to reach an agreement, the UK will have to submit a new eligibility application to rejoin SEPA. This means that the UK will have to go once again through the whole evaluation process. During this evaluation period, the UK will not belong to the SEPA geographical scope and transactions to and from the UK will be deemed to be international payments, which entails additional transaction costs.
5 practical tips to prepare your payment transactions ahead of Brexit

1. Think of the BIC
Contact all your UK suppliers before Brexit and ask them for their BIC – Bank Identification Codes – just in case you need an international identification method for your payments in the future. To make sure that your outgoing invoices are paid on time, remember to provide your own BIC to your customers across the Channel as well.

2. Determine who will be charged banking costs
If payments from and to the UK no longer fall under the SEPA scope, both payees and payers will be charged transaction costs. If you do not want to pay these costs, you can include them in your invoice – provided your business partner agrees, obviously. A more customer-friendly solution is to share the costs.

3. Review your standing orders
It is advisable to take a close look at your standing payment orders. Transactions to and from the UK may encounter problems due to missing data that you did not need before Brexit but will require afterwards. Ask your beneficiary or supplier for the necessary additional information before Brexit.

4. Prepare your direct debit instructions
Payments by direct debit are a category in themselves. Within the SEPA scope, you can easily pay by direct debit across national borders. However, if your beneficiary's country is not part of the SEPA geographical scope, such payments are actually illegal. Should the UK leave SEPA after Brexit, you will have to adjust your payment flow. One effective option is to switch back to invoice payments by bank transfer.

5. Put unequivocal agreements on paper
Conclude unequivocal agreements with your British business partners and put them down on paper. This will spare you the trouble of unpleasant discussions about possible costs and additional responsibilities regarding payment transactions.

WANT TO LEARN MORE?
This overview was created in collaboration with Isabel 6, a multi-bank platform designed to help you handle all your banking needs. For more information about international payments and the impact of Brexit on your payment transactions, please visit: https://isabel.multibanking.eu.
Standards in the post-Brexit business world

More than 20,000 European standards lay down guidelines about products, services and processes in various sectors. For one thing, they help simplify international trade by removing technical barriers between EU Member States and EFTA countries. In addition, they guarantee greater efficiency within a process or value chain, higher quality in products or services, better protection for employees, consumers and the environment, and so on. But what does the UK’s exit from the EU mean for the application of European standards in your export business?

EUROPEAN STANDARDS IN A NUTSHELL

HOW ARE EUROPEAN STANDARDS ESTABLISHED?

Experts and stakeholders from the entire value chain of specific sectors come together to develop European standards. Umbrella organizations such as CEN, CENELEC and ETSI are managing this process. For example, CEN, the European Committee for Standardization, has 34 members, each a national standards office representing one of 34 countries, including the UK.

HOW ARE EUROPEAN STANDARDS IMPLEMENTED LOCALLY?

Let’s take an example: if an international voting round within CEN gives the green light to a new or amended European standard, then all members of the umbrella organization must accept it and withdraw contradictory national standards. More than 160,000 national standards have already been replaced by a European alternative according to this process.

ARE EUROPEAN STANDARDS MANDATORY?

You are legally obliged to apply a standard only when a law refers to it as mandatory. At European level, however, rather than being mentioned in a compelling way, standards usually serve as a reference for the business world. Currently, some 30 European directives and regulations refer to almost 5,000 different standards, e.g. for mechanical engineering, toys or medical devices.
How to keep abreast of developments in the world of standards

1. **Follow your sector federation closely**
   Professional federations play a crucial role in the development of standards in Belgium, regardless of whether these stem from a competence center. 27 sector operators such as Agoria (Sirris), Centexbel and WTCB are partners in the Belgian Bureau for Standardization (NBN) and involved in no less than 70% of all standards development.

2. **Get advice from a Standards Antenna**
   In certain niche domains – from welding techniques and nanomaterials to Industry 4.0, energy efficiency and fire prevention – you can seek free customized advice from so-called ‘Standards Antennas’. A complete list of Standards Antennas is published on the FPS Economy website: [www.economie.fgov.be/nl/ondernemingen/Marktreglementering/normalisatie/Normen-Antennes](http://www.economie.fgov.be/nl/ondernemingen/Marktreglementering/normalisatie/Normen-Antennes).

3. **Consult the NBN**
   If your business activity is not represented by a sector operator or Standards Antenna, the NBN, the Bureau for Standardization and the only Belgian member of CEN, will be able to provide you with the information you seek. Anyone who wants to work on the development of standards can also approach the NBN. For more information, please visit the website: [www.nbn.be](http://www.nbn.be).

4. **Strengthen the ties across your entire value chain**
   From suppliers to partners to customers: communicate transparently with all your UK business partners about the standards you use within your organization. This is how you forge strong bonds based on trust. This provides a solid foundation for further international cooperation should the post-Brexit standards landscape be different.

**WHAT WILL HAPPEN TO EUROPEAN STANDARDS AFTER BREXIT?**

BSI, the British Institute for Standardization, will remain a full member of CEN and CENELEC until the end of 2020. This means that British experts will remain involved in European standards development, which benefits trade between the UK and the rest of Europe. This decision has been made independently and will be implemented regardless of the outcome of the negotiations between the EU and the UK. The modalities for BSI membership after 2020 will also be worked out during this period.

If, ultimately, the UK and the EU fail to reach an agreement, your goods will eventually have to meet new standards in order to also enter the UK market. In this case, you will be required to make new efforts to adjust your production, quality and other processes.

**The chance that it will come to that is, however, small.** Some 95% of all British standards are international (ISO/IEC) or European (CEN/CENELEC) and the UK is actively involved in their development. Conversion to new national standards would be a challenge. The competitiveness and commercial opportunities of British companies in the European market would also suffer. And the UK is also aware of that risk: the British government has already indicated that the UK wants to maintain high standards at all costs, and that cooperation with the EU remains crucial in this respect. The UK will enact all directly applicable European legislation into UK law when the EU withdrawal bill comes into force on the Brexit deadline.

This info sheet was produced in collaboration with NBN.
Post-Brexit accreditation and conformity

ACCREDITATION

After an audit performed by a national accreditation authority, such as BELAC in Belgium and UKAS in the UK, certification bodies can obtain an ‘accreditation certificate’. This formally acknowledges their independence, impartiality and technical competence. But after Brexit, European authorities will no longer recognize certificates from the British authority UKAS. How will this affect Flanders-based firms?

POSSIBILITY OF USING DIFFERENT RULES

For accreditation, UKAS is still following the same rules as the EA – the European cooperation for Accreditation – as well as the rules laid down in the European Regulation 765/2008. But after Brexit, British legislation may be amended. Consequently, Flanders-based companies that have their production or other processes certified may face technical trade barriers after Brexit.

LEGAL FRAMEWORK

The question of technical trade barriers depends on whether the UK accreditation body UKAS will remain a full EA member after Brexit. It also depends on whether the UK chooses to work out a legal framework that is identical to Regulation 765/2008 after the transition period – something which the country has everything to gain from when it comes to international trade.

CONFORMANCE ASSESSMENTS

Brexit is also impacting the so-called ‘notified bodies’ (NB). These organizations are state-approved conformity assessment institutes that check whether a particular product complies with European directives or regulations. If this is the case, the product in question can be traded in the EU.

WHAT ABOUT EXISTING APPROvals

Once the UK leaves the EU – or after the possible transition period – British NBs will lose their authority. As a result, they won’t be entitled to act as NBs for the conformity assessment of products, issue EU-type certificates or certify quality systems.

This is important for manufacturers and installers in Flanders who have in the past obtained approvals from an NB in the UK and not in the EU.

If your company belongs to this category, you need to take the initiative to:

• request a new certificate for the products concerned from a European NB; or
• have your certificate file transferred from the British NB to a European counterpart.

This is the only way to ensure that your company respects EU legislation and that you can maintain your access to the European market.
WHAT ABOUT THE BAN ON RENEWED APPLICATIONS?

In some sectors, EU legislation prohibits the application of new certificates for the same product. The only possible way to resolve this problem is for the European Commission to approve legislation that allows a double inspection. For the automotive industry, for example, such a measure is already in the pipeline.

Find the right NB in NANDO

This database contains the details of all the European notified bodies (NBs). If, after Brexit, you need to find a European equivalent to the British NB that used to certify your products, then consult this database: ec.europa.eu/growth/tools-databases/nando.

WHAT ABOUT EU MARKING IN THE UK AFTER BREXIT?

According to the latest information from UK authorities, goods that are present on the UK market prior to Brexit may continue to circulate there afterwards. A temporary measure also allows you to introduce your goods to the British market after Brexit, provided that your product:

- has the correct EU marking;
- possesses a EU declaration of conformity (drafted in English);
- has been checked by a recognized European NB (if required).

Note: we do not expect any concrete changes in this area before the end of the transition period on 31 December 2020.

UK MARKING (UKCA)

In the meantime, the British government has developed its own marking: ‘UK Conformity Assessed’ (UKCA). Have your products been assessed by a British NB? And did you receive this new UKCA marking? Then, you can market your products on the British market as well. However, be aware that this marking allows you to trade these products in the UK only, and not in the EU.

In many sectors, separate rules apply. Examples include automotive, aerospace, pharmaceuticals, medical devices, chemicals, construction and non-harmonized goods. Stay up to date with the most recent developments in the field of certification: www.gov.uk/government/publications/trading-goods-regulated-under-the-new-approach-if-theres-no-brexit-deal.
Brexit will initially have little impact on the regulations concerning food labeling. The British government has indicated that it will anchor current EU standards in its own legislation through the EU Withdrawal Bill. This shouldn’t come as a surprise: the UK already applies these rules and British industry is not in favor of even stricter regulations. But even if the UK leaves the EU with an agreement, Brexit will bring a number of changes. Therefore, food exporters should ideally prepare for the following short- and long-term modifications that could affect their packaging and labeling systems.

**WHAT WILL PROBABLY CHANGE AFTER THE TRANSITION PERIOD?**

**PRE-PACKED FOOD PRODUCT LABELS**

If you trade pre-packaged food in the UK, labels marked with only an EU address will no longer be valid after the Brexit transition period. The labels will need to contain the name and address of a responsible British company. This can be a British importer or the British branch of a Belgian firm.

Good to know: the UK is considering allowing British retailers to sell pre-packaged food products that only mention an EU address on the labels in the first 21 months after Brexit. An exception also applies to goods that are already present on the UK market after the Brexit transition period. These may remain in circulation as long as stocks last, even if they only mention an EU address.

**TRACEABILITY OF ORGANIC PRODUCTS**

After the Brexit transition period, you will still be allowed to market organic products in the UK, subject to certification and traceability, of course. However, a new British system will be introduced to trace imported products. The UK will then no longer have access to the European system (TRACES.NT).

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### GET THE FULL SCOOP

WHAT WILL CHANGE IN THE LONG RUN?

SEPARATE DECISION-MAKING

The UK’s exit from the EU means that it will no longer be involved in European dialogue and decision-making, and vice versa. And although food safety is a top priority for both, European and British regulations on labeling will gradually start to differ. If you export food products to the UK, you should closely monitor trends and research projects in the British food industry.

DIFFERENCES IN CONSUMER PREFERENCE AND TERMINOLOGY

Not only do preferences of British and European consumers sometimes differ greatly, local food industries also launch different market and user tests. These may involve differences in the color or layout of packaging. In addition, different terminology is sometimes used. For example, what you sell in the UK under the heading ‘milk chocolate’ may not always be marketed as ‘milk chocolate’ on the European mainland. Whether you can use that term depends on the amount of cocoa powder in the product. It is important to accurately follow up on such differences so that your company can respond with agility.

PUBLIC HEALTH RESPONSIBILITY DEAL

The ‘Public Health Responsibility Deal’ – an initiative of the UK Department of Health – will play a crucial role in the development of new standards for food labeling in the UK. Under this project, companies can voluntarily commit to presenting food products to UK consumers in a fair way. As such, the initiative is not only a driving force for new standards in the British packaging sector, but also an important reference and source of information for exporters from Flanders seeking to evaluate the new developments.

How to remain informed of developments regarding packaging and labeling

• Maintain close ties with your sector federation in Belgium.
• Seek advice from BVI, the Belgian Packaging Institute. This organization closely monitors UK packaging legislation. For contact details, visit www.ibebvi.be
• Check regularly which companies and organizations have signed the UK Public Health Responsibility Deal on the website www.responsibilitydeal.dh.gov.uk/food-pledges.

Visit www.ec.europa.eu/food/safety/labelling_nutrition_en for more information about current European regulations concerning food safety and labeling.

This info sheet was produced in collaboration with Howarth Food Safety.
Importing plants and plant-based food and feed products into the UK after Brexit

Even if the British leave the EU with an agreement, companies on both sides of the Channel will need to comply with customs formalities. However, these will not be introduced until after the transition period. But what does this mean for plants or plant-based food and feed products? As a Flanders-based company fulfilling Belgian export formalities, you must provide your UK customer with an additional phytosanitary certificate for some of these products. The importer needs this document to complete the British import formalities. Do you want to handle these import formalities yourself? Please note the following:

**PLANTS AND PLANT PRODUCTS FROM THE EU**

Plants and plant-based products of European origin will not be considered high-risk products by British customs. Consequently, these products will:

- not be stopped at the border – provided that all import formalities have been correctly and fully completed (see ‘British import formalities’ sheet);
- not be subject to additional requirement and controls;
- not be submitted to additional import controls.

Moreover, for plants and plant products of Belgian origin, no health certificate from the Federal Agency for the Safety of the Food Chain (FASFC) will be required after the transition period, with the exception of plants accompanied by a European plant passport. In addition, you do not need to notify the British Food Standards Agency in advance, and you’ll be able to transport these products to the UK via any official access point.

“What about deliveries to multiple destinations?”

Suppose your company and various other firms use the same carrier to deliver plants or plant products to different destinations in the UK. Does this mean that multiple British import declarations are required? The answer is ‘yes’. A single import declaration will only suffice if one British company receives all the exported products.
Some plants, plant products or other possible carriers of harmful organisms may only be moved within the EU if they have a European plant passport. A complete list can be found on the FASFC website: [www.favv-afscा.fgov.be/professionelen/publicaties/thematisch/plantenpaspoort](http://www.favv-afscа.fgov.be/professionelen/publicaties/thematisch/plantenpaspoort).

Will you be transporting these types of products across the UK border? In addition to the standard import declaration, you’ll also have to do the following after the transition period:

- **Apply for a phytosanitary certificate** from FASFC before submitting your British import declaration.

- **Announce the arrival of the goods in advance via the British PEACH IT system** for England and Wales, via PHS for Scotland and via DAERA for Northern Ireland. Please note that the British importer must be registered in these systems in advance.

- **Add a scan of all necessary documents and the certificate in PEACH** at least 3 days before the arrival of the goods in the UK. For air freight, this can be done up to 4 hours before arrival.

- **Send the original phytosanitary certificate to the Animal & Plant Health Agency (APHA) by post within 3 days.**

- **Note that the goods will require a British plant passport when transported within the UK. By registering at APHA, you can obtain permission to issue plant passports.**

**The Exception Proves the Rule**

What will happen to export licenses after Brexit?

Flanders-based exporters rarely handle export licenses. After all, the list of goods requiring export licenses is rather short. It includes strategic goods such as weapons, ammunition and dual-use items for civilian and military use. The same goes for the export of unset diamonds to markets outside the EU or ‘third countries’. Meanwhile, economic sanctions and trade embargoes apply for specific destinations such as North Korea and Russia, making export licenses a requirement for certain products that are exported to these markets.

A LIMITED IMPACT

Once the UK leaves the EU, the licensing landscape will remain largely unchanged for Flanders-based companies, with a few exceptions:

UNSET DIAMONDS

Are you exporting unset diamonds to the British market? As soon as Brexit takes effect, you will be obliged to apply – just like other countries outside the EU – for a license from the Directorate General for Economic Analysis and International Economics at the FPS Economy. Another option is to submit this application via the Diamond Office in Antwerp.

Brexit may also have implications on the British participation in the Kimberley Process Certification Scheme (KPCS), the international partnership to ban conflict diamonds from the global trade of unset diamonds. In addition to the Belgian FPS Economy, there are another five EU authorities tasked with inspecting the KP certificates and the seals of unset diamond containers. One of those inspection centers is located in London. Whether the London center will still be able to handle the verification of diamonds entering or leaving the EU will depend on possible recognition by the Kimberley Process, after Brexit.
GOODS UNDER EMBARGO

Whatever the outcome, chances are that the UK will retain European decisions and regulations on trade embargoes, even after Brexit. This won’t happen until after the end of the transition period (on 1 January 2021 at the earliest). Current European regulations will continue to apply during the transition period. Subsequently, the same restrictions will apply in the UK as in the EU regarding exports to countries where economic sanctions are in force.

Do you export via the UK to an end-user destination with trade restrictions? In this (unlikely) case, you will need not one but two export licenses after Brexit: a British and a European one. Your customer or intermediary may then have to apply for the UK license, while you – as an exporter to the UK – will be required to obtain the European export license.

STRATEGIC GOODS: DUAL-USE PRODUCTS, CIVILIAN WEAPONS AND MILITARY EQUIPMENT

At the moment, it is possible to export so-called dual-use goods to the UK and the rest of the EU without an export license, with the exception of certain nuclear and rocket products. After Brexit, however, the UK will be considered a ‘third country’.

What will that entail? You will have to submit an individual export license for all dual-use goods that you transfer to the UK. If there is a withdrawal deal and transition period, this will be mandatory from 1 January 2021 at the earliest. However, authorities are currently investigating the possibility setting up measures to reduce this red tape. These would take effect from 1 January 2021 at the earliest.

If you export civilian weapons and military equipment to the UK, you already need a license. For this type of goods, the effect of Brexit will therefore be limited. Post Brexit, however, an export license instead of a transfer license will be required for transactions involving civilian firearms or military goods.

WOULD YOU LIKE MORE INFORMATION ON EXPORT LICENSES?

Take a look at the Strategic Goods Control unit website: www.fdfa.be/csg.
For more information about the inspection of unset diamonds, please visit the FPS Economy website: www.economie.fgov.be/nl/ondernemingen.
Post-Brexit contracts

Now that Brexit is a fact and a transition period has started, things will remain the same for Flanders-based export companies trading with the UK until 31 December 2020. However, you can already prepare for the possible consequences that will arise as of 1 January 2021. After all, a new economic situation entails changing rules that must be reflected in both new and existing contracts. There are various contract clauses that can help you in this respect.

POSSIBLE IMPACT

In principle, a contract is binding and all existing contractual rules and conditions will continue to apply after Brexit. Considering what Brexit implies, it is important for all parties involved to review their contractual obligations. In doing so, you must take into account:

THE NEW REGULATORY FRAMEWORK

Leaving the EU also means that the UK is exiting the existing European regulatory framework for trade. At this stage, it is not possible to predict the actual repercussions of the withdrawal, since the intention is to preserve the existing rules at first. Nevertheless, new rules will eventually be introduced and some economic parameters will change, such as the free movement of goods. By taking this into account in contractual agreements – e.g. with a renegotiation clause or party decision – your company can ward off a lot of potential concerns and costs later on.

CUSTOMS FORMALITIES

Based on the British government’s current position, the UK will no longer have access to the internal European market. As a result, certain customs formalities will come into effect, with a possible impact, on trade agreements between Flanders- and UK-based companies. You should therefore carefully review your contracts to check if they contain so-called ‘incoterms’ – such as Delivery Duties Paid (DDP). If you already reach clear agreements on the matter with your trading partners, or at least make room for dialogue and possible contract modifications, you will avoid subsequent misunderstandings and frustrations.

The benefits of an amended contract

1. Improved collaboration: by dealing with the possible repercussions of Brexit proactively, you show willingness to safeguard a long-term relationship.
2. A good reputation in your commercial dealings: by taking your contracts seriously, you establish yourself as a professional commercial partner.
3. Time savings: by optimizing your contracts ahead of Brexit, you avoid later discussions, which in turn saves time and hassle for all parties concerned.
EXAMPLES OF CLAUSES FOR YOUR NEW AND EXISTING CONTRACTS

PARTY DECISION

A party decision clause allows one party to change certain parts of an agreement unilaterally if certain conditions are met – to impose different delivery deadlines or even to adjust the pricing of the contract, for instance. This will not require the other party to the contract to agree again on the terms.

RENegotiation clause

Since the Brexit outcome is still uncertain, it is a good idea to include a renegotiation clause in new and existing contracts. Should the economic situation change significantly, it will then be possible to review and adjust the contract to the new reality. This is a good solution to avoid unfavorable or unbalanced contractual obligations and possible financial losses.

AMENDED CONTRACT TERMINATION CLAUSE

If the original conditions under which the contract was concluded change too drastically, it is possible to invoke this clause to terminate the contract. Both you and your trading partner then agree that continuing to perform the contract is no longer appropriate and thus terminate the cooperation.

LIABILITY RESTRICTIONS

Finally, you can also limit your liability risk contractually. This is important, for example, if Brexit makes it impossible for you to meet the agreed delivery deadlines. Ideally, in this clause and in consultation with your business partners, you should also identify the consequences that a delay in the execution of one contract would have on the execution of subsequent contracts. An example would be products that are processed into composite products after delivery.

3 tips for reviewing post-Brexit contracts

1. **Schedule the review of your contracts with your partners as soon as possible, before Brexit takes effect.** The negotiation will be more constructive if not under time constraints. What's more, this shows you value this collaboration and promotes the development and/or consolidation of a long-term relationship.

2. **Consider your company’s entire value chain, from supplier to buyer.** For example, if your organization purchases raw materials from a British company and sells an end product within Europe, Brexit won’t just have an impact on that first relationship. You therefore need to review all the contracts within the chain, not just those with British partners.

3. **Take advantage of the legal services offered by a professional association or sector federation:** they often have specialized services, tools and advisers who assist SMEs and other companies facing drastic changes in the business landscape. Or, seek the assistance of a lawyer specialized in commercial contracts.

This info sheet was produced in collaboration with Arcas Law.

[http://www.arcaslaw.be/](http://www.arcaslaw.be/)
Trademarks and product designs, patents, copyrights... Your company’s intellectual property can be protected in many ways against counterfeiting, theft, piracy, etc. The EU has an extensive legal framework for this purpose, but what does Brexit mean for your European trademarks, designs and other intellectual property? Will you still enjoy the same protection on British soil?

EUROPEAN TRADEMARKS AND COMMUNITY DESIGNS

The British government has indicated that it will grant equivalent rights in the UK to all EU brand names and Community designs that were already protected in the EU prior to Brexit. As such, British authorities will automatically create a new British trademark right, as if you had applied for and registered the trademark right in accordance with local legislation. As a result, these trademarks can also be protected under local UK law. Note: you will now have to renew these trademarks or designs in the UK – and no longer via the European Union Intellectual Property Office (EUIPO).

The new rules for EU trademarks and Community Designs will also apply to international registrations with the EU as their scope. In addition, the British government provides for continued protection of unregistered Community Designs in the UK. If you hold such rights, you do not need to take further action.

TIP: for questions about these new regulations, it is advisable to seek legal advice from an intellectual property (IP) specialist.

What about EU trademarks or designs that are pending at the time of Brexit?

These applications can be filed under the same conditions with the British Intellectual Property Office. Good to know: the British want to limit the administrative burden for this process as much as possible. More information about the application procedure can be found at:

- trademarks – [www.gov.uk/how-to-register-a-trade-mark](http://www.gov.uk/how-to-register-a-trade-mark);
PATENTS

UK patent law differs greatly from EU legislation. Few aspects – such as the framework for pharmaceutical and agrochemical products – are the same. But there is good news: the UK is and will remain a member of the European Patent Office (EPO) – which operates independently of the EU – even after Brexit.

In short, after a hard or soft Brexit, the current regulations for patents will continue to apply. And existing patent application and protection systems will continue to function independently of the EU scheme, with all current conditions and requirements.


COPYRIGHTS

Like all EU member states, the UK is party to a number of international treaties on copyright and similar rights. These treaties are independent of EU membership. After Brexit, copyright protection will remain largely unchanged under these treaties.

But what about specific EU copyright laws? If all goes according to plan, the British will be incorporating these European regulations into their national legislation as part of the ‘European Union (Withdrawal) Act 2018’.

For more info, go to: www.gov.uk/government/publications/copyright-if-theres-no-brexit-deal.

WANT TO KNOW MORE?

This datasheet has been compiled with care based on the data and documentation made available by the UK authorities at the time of writing. Flanders Investment & Trade is not liable for any inaccuracies or omissions. For all updates from the UK government, please consult: www.gov.uk/government.
How to prepare your HR processes ahead of Brexit

Now that Brexit is a fact, a transition period has started during which nothing will change for European citizens and businesses working in the UK until 31 December 2020. However, the day after the transition period (1 January 2021), the free movement of people to and from British territory will end and a new migration system will probably be introduced in the UK. It is therefore important that companies with employees in the UK prepare for every possible outcome.

WHAT HAPPENS IF THE UK AND THE EU STRIKE A DEAL?

In that case, there will be a post-Brexit transition period until at least 31 December 2020, with the possibility of extending this period once. During that time, both parties will have to reach agreements on practical aspects of employment, such as the applicable social security regime, residence permits and work permits, for the period beyond 2021.

AND WHAT HAPPENS IF THERE IS NO DEAL?

In the absence of a deal between the UK and the EU, we will be looking at a ‘hard Brexit’ situation. This entails major consequences for employers in Flanders and their employees in the UK:

SCENARIO 1: YOUR COMPANY HAS POSTED AN EMPLOYEE IN THE UK FROM FLANDERS ON A PERMANENT CONTRACT

In the case of a hard Brexit, the new British regulations concerning various HR processes will need to be examined, and then these processes will have to be developed at a fast pace. This will probably be based on the regulations currently applied to countries outside the EU, but nothing is certain yet.

Presumably, your employee from Flanders who already lives and works in the UK will be able to register for a so-called ‘settled status’. This status gives employees the possibility of obtaining a permanent residence and work permit. The British government has already published a ‘statement of intent’ and documents explaining how that ‘settled status’ can be obtained.

For more details, please visit the UK government website:
www.gov.uk/government/publications/eu-settlement-scheme-statement-of-intent;

Be Brexit ready: start with an emergency plan

Considering the uncertain outcome of the Brexit negotiations, it is important to get ready now if you are a company that employs workers in or from the UK. You can implement a so-called ‘emergency plan’ for that purpose, in which you identify which individuals you employ or intend to employ and under which status.
SCENARIO 2: YOUR COMPANY REGULARLY POSTS UK EMPLOYEES IN THE FROM FLANDERS ON TEMPORARY CONTRACTS

This group will be the most impacted:
- employees from Flanders working in the UK may be subject to both Belgian and British social security regimes, which means they would have to pay contributions twice;
- since the ‘free movement of workers’ principle would no longer apply, your posted employee would have to apply for both a work permit and a residence permit in some cases;
- as long as the employee is in the UK, British wage and employment conditions apply, which means that he or she may relinquish the Belgian wage and employment conditions he or she currently enjoys;
- you may need to provide a double payroll for your employee: one for Flanders and the other for the UK.

In case of a no-deal Brexit and in anticipation of a new ‘Immigration Bill’, the UK will apply the following temporary rules until the end of 2020:
- For a period of under 3 months, European citizens will be able to enter the UK freely to work there (as is currently the case).
- For period of over 3 months, European citizens working in the UK will have to obtain a ‘European Temporary Leave to Remain’, which is valid for 3 years.


SCENARIO 3: YOUR COMPANY IS EMPLOYING BRITISH WORKERS IN THE UK UNDER A LOCAL CONTRACT

These employees remain subject to British social legislation. In principle, therefore, little or nothing changes for them. But what if you want to employ them permanently or temporarily in Flanders? In this case, they will need Belgian residence and work permits for a lengthy stay or comply with Belgian rules on posting in case of temporary employment.

Start preparing for Brexit with these practical tips:
- create a chart listing your employees, their places of employment, status and nationality;
- consider hiring someone permanently or employing someone locally rather than posting an employee from Flanders;
- also include your company’s future plans in your considerations;
- keep abreast of the latest developments: a lot can change in the short term.

For more information about the effect of Brexit on employment law, please visit the FPS Employment website: [http://www.werk.belgie.be/brexit](http://www.werk.belgie.be/brexit).

More info on the impact of Brexit on social security can be found on the FPS Social Security website: [https://socialsecurity.belgium.be/nl/internationaal-actief/brexit](https://socialsecurity.belgium.be/nl/internationaal-actief/brexit).
There’s no need to tell you that Brexit may jeopardize your company’s success; you know that already. But we would like to remind you once again: you are not alone. The government of Flanders is making every effort to provide companies with optimum support. Flanders Investment & Trade (FIT) and Flanders Innovation & Entrepreneurship (VLAIO), among others, are joining forces to that effect. Discover the services we offer.

WHAT FIT CAN DO FOR YOU CONCRETELY

ADVICE

FIT provides you with first-line advice on doing business internationally in the post-Brexit world. Our consultants answer all your pressing questions free of charge, offer customized (export) guidance and help you and your colleagues find the right path by exploring new avenues.

SUBSIDIES AND FINANCING

In the context of export diversification, FIT offers financial support to Flanders-based SMEs with worldwide export and investment plans. Support is also available for the UK. In addition, we will gladly inform you of other subsidies for which your company may be eligible. Be sure to check out our brochure about Brexit-related subsidies in this folder; or visit our website for an overview: www.brexitready.be.

EXPORT PROMOTION

FIT maintains valuable trade connections with foreign companies, institutions and other organizations – both in and outside the European Union. In addition, we organize hundreds of business meetings each year with potential buyers and commercial agents abroad, prospecting trips, group stands at trade fairs, seminars and so on. This makes FIT the ideal partner to expand your (export) network in the UK or abroad, even post-Brexit.

MARKET KNOWLEDGE

FIT has outstanding market knowledge and offers consultancy services to share this wealth of information with you. This will allow you to prepare your company optimally for different Brexit scenarios. View our market information at: www.flanderstrade.be.

Contact the Brexit Helpdesk

The FIT Brexit Helpdesk is the first point of contact for all companies, entrepreneurs and exporters that have questions regarding Brexit. In collaboration with VLAIO, FIT brings you in contact with the suitable specialist capable of answering your question. Ask your question via: brexit@fitagency.be.
WHAT VLAIO CAN DO FOR YOU

Do you need strategic business advice that is not specifically focused on Brexit, export or international business? If that is the case, please contact Flanders Innovation & Entrepreneurship (VLAIO). VLAIO will develop a custom four-step plan to prepare your company’s strategic transformation.

STEP 1 – ANALYSIS AND GUIDANCE
A VLAIO business advisor will review the strengths and weaknesses of your business case. These insights will then be formulated into sound recommendations to help you strengthen your strategy.

STEP 2 – INTRODUCE THE RIGHT PARTNERS
VLAIO will bring you in contact with partner organizations to suit your needs, from PMV to knowledge institutions and innovative company networks or other supporting organizations that are part of the VLAIO network.

STEP 3 – INFORM AND ADVISE
VLAIO will also provide relevant information about government regulations, sector-specific market barriers and fellow European agencies that can be of service to you, and so on.

STEP 4 – ASSISTANCE IN GETTING SUBSIDIES OR OTHER FORMS OF SUPPORT
Finally, VLAIO will inform you of subsidies or other support measures to achieve your business transformation.

MORE DETAILS

For more information about FIT services, please visit www.flanderstrade.be. To find out how VLAIO can help you, go to www.vlaio.be.
Costs may add up quickly in the run-up to Brexit: commissioning market research studies, consultancy fees and optimizing your company’s website for internationalization are just a few examples. Subsidies are more than welcome, especially for SMEs: fortunately, there are many possibilities.

**WHO IS ELIGIBLE?**

Flanders applies the European definition of an SME to all the subsidies listed in this info sheet. An SME is: an independent company with fewer than 250 employees and with an annual turnover of maximum EUR 50 million or a balance sheet total of maximum EUR 43 million.

**SUBSIDIES FOR EXTERNAL ADVICE AND TRAINING**

**SME PORTFOLIO**

Under the SME portfolio, SMEs in Flanders can purchase knowledge from registered external suppliers in the form of training or advice. In the context of Brexit, a company can, for instance, look for a new sales market or follow a course on completing customs formalities. The application for these subsidies is fully automated and is done online. Small companies receive subsidies of up to EUR 10,000, while this amount can reach EUR 15,000 for medium-sized companies.

**SME GROWTH SUBSIDY**

In the context of Brexit, the SME growth subsidy is aimed at companies that want to diversify and enter new markets besides the UK. The focus in this case is on strategic advice. Even though the advice may be obtained from an external consultant, the growth subsidy may also be used to recruit a new employee who has a strategic impact on the company. For consultancy, the subsidy will be up to EUR 25,000 a year, and an annual grant of EUR 25,000 can be claimed for the recruitment of a strategic employee. Together, these subsidies may amount to EUR 50,000 a year; quite a large sum, which explains why the allocation process is not digital. To be eligible, a company must prepare and defend an application file in consultation with a VLAIO advisor.

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**TIP**

**Start your application process on time**

Your subsidy application is only valid if it is submitted on time. In the case of subsidies for knowledge enhancement, the deadline is 14 calendar days after the start of the service at the latest. To be entitled to subsidies for the development of business activities, you must submit your application before you start the project. For other measures, such as trade fairs or the development of an international website, the application file must be submitted 7 days before the start of the project.
PROSPECTING TRIPS

A prospecting trip gives you the opportunity to personally visit and develop new markets. Flanders supports you in these efforts by granting you a lump sum towards travel and accommodation costs that is based on your destination. This prospecting subsidy only applies to markets outside the EU. Once the UK has left the EU, exploring it as a new market will become possible.

DEVELOPMENT OF DIGITAL BUSINESS COMMUNICATION

EUR 2,250 for start-ups, EUR 1,500 for mature organizations

This subsidy is aimed at companies seeking to optimize their digital channels and product information for internationalization purposes. In the context of Brexit, it may be worthwhile for your SME to broaden its prospects to other European markets in addition to the UK. This may involve the creation and translation of a website or web shop, SEO optimization or the development of a company video, to name just a few examples.

PARTICIPATION IN FOREIGN TRADE FAIRS OR NICHÉ EVENTS

**Niche events:** EUR 3,750 for start-ups, EUR 2,500 for mature organizations

**Trade fairs:** up to EUR 7,500 for start-ups, up to EUR 5,000 for mature organizations

Any trade fair listed in the German Messenplanner is considered to be an international exhibition for which a subsidy can be requested. Tradeshows and other events that are not listed in the Messenplanner fall under the heading of ‘niche events’. These may be e.g. specialized conferences in the IT or biotechnology sectors, seminars or workshops. To be eligible for this subsidy, your organization must be visible at the tradeshows or events, having acquired speaking time or space at an exhibition stand, for instance.

INTERNATIONAL CUSTOMIZATION

Max. EUR 18,750 for start-ups
Max. EUR 15,000 for mature organizations

Companies whose project does not fit under any of the conventional subsidy types may be eligible for an ‘international customization’ subsidy. These subsidies are allocated to projects in emerging countries and developing economies, but Brexit-related projects may also receive this funding if the application is well substantiated. Creative, well-founded pilot projects or demo projects are good examples.

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**MORE DETAILS**


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This info sheet was produced in collaboration with VLAIO
6 tips to get your export company Brexit ready

Unfortunately, we don’t have a crystal ball to help us estimate the impact of Brexit down to the last detail. However, a number of important focus areas are emerging. In conclusion and to summarize, we would like to share 6 practical tips to help you prepare your export activities ahead of Brexit. Appoint a Brexit officer to develop these areas to suit your organization’s circumstances. Perform the Brexit Impact Scan at www.brexitready.be to find out which aspects of your business may be impacted by Brexit.

1. PUT A PRICE TAG ON COSTS

Based on your current transactions with the UK, you can identify the additional costs that Brexit may entail. What does a customs clearance cost in Belgium, and in the UK? But also: do you have to set up or adapt your IT infrastructure? Follow training courses? Implement logistical changes? Build buffer stock? And so on and so forth. This will allow you to make cash flow forecasts and build up necessary financial resources. But to what extent can you pass on the additional cost to the customer? Would you like external help to that effect? Check whether you are eligible for subsidies under the VLAIO SME portfolio.

2. EVALUATE THE POSSIBLE IMPACT OF IMPORT DUTIES

Import duties can be expected in the case of a ‘no-deal’ Brexit. This means that the ‘most-favored-nation’ principle, as set by the World Trade Organization (WTO), will apply to tariffs. Would you rather be safe than sorry? Then, try to estimate the impact of this scenario on your prices and sales, and include this in your cash flow analysis. Here are some additional questions to keep in mind:

- Where are you most threatened by your competitors: at the local, European or global level?
- To what extent does the UK depend on import for the offer you make?
- Can you charge the added cost on your end customer’s invoice?
3. DETERMINE WHETHER YOU SHOULD HEDGE FOREIGN EXCHANGE RISKS

In view of the increased volatility of the pound sterling due to Brexit, you are facing higher currency risks. Fortunately, there are various ways to protect your business. For example, negotiate contracts in euros rather than sterling with your UK customers. Or, try to include an exchange rate clause to allow you to make price adjustments. If that is not possible, check with your bank whether your business requires the use of a forward contract or other financial instruments. The answer is certainly not always ‘yes’. Take this into account in your cash flow analysis.

4. KEEP A CLOSE EYE ON STANDARDS AND PACKAGING DEVELOPMENTS

According to expectations, the impact of Brexit on standards and packaging regulations will initially be limited. After some time, however, European and British developments in these areas may start to diverge. You should therefore keep abreast of trends through your sector federation. Or, seek advice from umbrella organizations such as the NBN (Belgian Bureau for Standardization) and the BVI (Belgian Packaging Institute). In addition, you should find out in good time whether there will be additional costs for certification and testing after Brexit. Include those factors in your cash flow analysis.

5. TAKE A CLOSE LOOK AT YOUR EXISTING CONTRACTS

Review all your existing contracts to avoid unpleasant surprises. Make sure that all the provisions they contain are also workable for your company. Check whether it is necessary to renegotiate your commercial contracts with your buyers in the UK. Is it unreasonable to meet your contractual obligations? Have the original terms changed too drastically? Get professional advice to find out what you can do.

6. DIVERSIFY YOUR EXPORT ACTIVITIES (IF NECESSARY)

If the UK is one of your company’s main export markets, you are certainly not alone. After all, the UK is Flanders’ fourth-biggest export market. Anyone who is heavily dependent on exports to the UK would do well to explore alternative markets. In collaboration with you, Flanders Investment & Trade will happily explore your company’s diversification prospects. Don’t forget to check for which subsidies you may be eligible in order to support your projects.

IN NEED OF SUPPORT?

Feel free to contact FIT for free customized Brexit advice by sending an e-mail to brexit@fitagency.be. Or, perform the Brexit scan at www.brexitready.be.
Need help preparing for Brexit?

If you need more information about the possible social, fiscal and legal consequences of Brexit, e-mail us your question via brexit@fitagency.be or visit www.brexitready.be. Specialists from FIT, VLAIO and Enterprise Europe Network will be happy to provide you with answers and advice.

Partners

This document was produced in collaboration with the following partners:

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