

**UK
Steel**

PREPARING FOR BREXIT

**GUIDANCE
FOR THE STEEL
SECTOR**

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PREPARING FOR BREXIT – GUIDANCE FOR UK STEEL MEMBERS

Introduction

To state that there is huge uncertainty about the future nature of the UK's relationship with the EU (and many other countries) is an understatement. Nevertheless, with the date of the UK's formal exit from the EU less than six months away, our advice to members is that there is an urgent need to start planning – if they have not already done so - for the possible impacts on their business.

This guidance document discusses the likely effects of a range of outcomes, and recommends issues that members need to address using two broad scenarios. It focuses on the issues of most relevance to UK steel companies. The two scenarios are:

Scenario 1: “Soft” Brexit. The EU and UK agree the terms of a new relationship. While it is unlikely that this will replicate the Chequers agreement in its entirety, we have assumed that the broad policy goals set out will apply¹. In particular:

- Many aspects of the Single Market will apply to the trade in goods, but not services. Trade between the UK and EU27 will be “frictionless”.
- The UK will regain control over immigration from the EU.
- The UK will not be in the EU Customs Union.

Scenario 2: “Hard” Brexit. The UK exits the EU without an agreement on 30 March 2019. In particular:

- The UK immediately assumes ‘third country’ status with the EU.
- All the EU's standard external tariffs apply to the UK and customs checks will be made at the border.
- The UK loses access to all the FTAs (Free Trade Agreements) the EU currently has in place.

Obviously other outcomes are possible: e.g. the UK exits the Single Market in its entirety and negotiates a simple FTA with the EU; the UK remains in the EU Customs Union; or even that the UK remains in the EU. These are not the most likely outcomes at present, but where they are relevant the analysis refers to them.

In general, references in this document to post-Brexit trade with the EU should be read as also applying to trade with the other members of the European Economic Area, i.e. Norway, Iceland and Liechtenstein.

The paper concludes with a checklist of issues we recommend that members start thinking about.

UK Steel will update this guidance once the likely outcome becomes clearer. Throughout the document, footnotes provide links to sources where more detailed information can be obtained, including to relevant government guidance documents.

This document is intended to identify priority issues to which members need to give thought, and to give some general guidance on the possible outcome of the Brexit process. **It does not constitute legal advice: members are strongly encouraged, where appropriate, to take legal advice before acting. UK Steel cannot be held liable for any losses incurred as a result of decisions taken wholly or partly on the basis of this document.**

1. Throughout this document, references to the current UK policy towards a negotiated exit from the EU relate to the so-called “Chequers agreement”, set out in the White Paper The Future Relationship Between the United Kingdom and the European Union, Cm 9593.

Timetable

The Article 50 withdrawal takes effect at 23:00 GMT on 29 March 2019.

However, it is still probable that there will be a transition period, during which the UK remains for most practical purposes an EU member, although it will not participate in decision-making. This ends on 31 December 2020. This is conditional on the UK reaching a withdrawal agreement with the EU. It does not apply if the UK leaves the EU next March with no deal.

Tariffs

(A short guide to how goods are classified for tariff purposes, and the implications of Brexit, is attached as Annex 1.)

The Chequers proposals include at their core a new free trade agreement between the UK and EU. Under the soft Brexit scenario therefore tariffs on goods traded between the EU and UK, in both directions, would remain at zero.

The UK is already a member of the WTO, albeit that its rights and obligations are currently pooled within the EU. When the UK exits the EU, the government's intention is for the UK to simply assume under its own name the EU's existing "default" (known in WTO jargon as MFN²) tariff commitments for trade with non-EU countries - i.e. for countries not covered by free trade agreements (FTAs). We are likely to deviate from these in due course, but this will be the starting point and the UK's proposed schedules have already been submitted to the WTO to that effect.

Imports from countries with whom the UK has not negotiated an FTA by 1 January 2021 (soft Brexit scenario) or 30 March 2019 (hard Brexit scenario) will also be subject to the existing "default" tariffs.

The UK cannot, under WTO rules, increase these MFN tariffs set out in its WTO schedule without negotiating with other countries first, and compensating them for trading losses. It can decide to reduce them, but this would normally be in the context of a negotiated trade agreement where the UK received comparable benefits from the other country or countries, such as in an FTA; or as part of a multilateral trade agreement, where reductions would be applied to all WTO members.

The above three paragraphs apply under both scenarios.

Under the hard Brexit scenario, these same tariffs would also apply to trade in both directions between the UK and EU. The UK could not under WTO rules decide unilaterally to reduce tariffs on imports from the EU alone – other than through an FTA or similar agreement.

Tariffs applied by non-EU countries on UK-origin imports would be unaffected, apart from those countries where the EU has an FTA in place (see Annex 3) and the UK has not yet replicated it. For these countries, tariffs would revert to that country's (higher) MFN rate. Tariffs against the UK in countries with which the UK had negotiated an FTA to come into effect on 1 January 2021 (or 30 March 2019 for a hard Brexit) would be set at the lower level as laid out in that FTA.

2. MFN (Most Favoured Nation) refers to a WTO member's standard import tariff, which it has committed to apply to imports from all WTO members with whom it does not have a special trading relationship, such as an FTA.

Tariffs on imports into certain developed countries of rolled steel, many steelmaking raw materials and some other steel products are set at zero. These developed countries include primarily the US, Canada, EU (including the UK), Japan, and South Korea. Thus trade in these products into these countries will in effect be unaffected whatever the outcome.

Developing countries still, largely, have tariffs on steel imports apart from where they have been removed as the result of a negotiated FTA or agreement. See FTAs section below.

Imports into the UK from the EU of some raw materials and plant & machinery would be affected by a hard Brexit, although EU/UK tariff levels are generally low. Perhaps more importantly, exports of some steel-containing goods would be badly affected – EU tariffs on motor vehicles for example range between 10% and 22³. The risk of UK manufacturing migrating to EU countries under the hard Brexit scenario is therefore high. A summary of the EU tariffs applicable to members' products and their principal inputs is at Annex 2.

If the UK remained in the EU Customs Union, it is likely that none of the above would apply and the status quo would be maintained. However, in this regard we are in uncharted territory, there is no precedent for a non-EU country joining the EU Customs Union, only a customs union, such as the EU-Turkey customs union which is a much more limited arrangement.

Soft Brexit scenario	Hard Brexit scenario
UK Exports	
Sales to EU: imports from UK incur zero tariffs.	Sales to EU: imports from UK incur MFN tariffs (zero for most steel products – see Annex 2).
Exports to non-EU countries with whom the UK has an FTA: import tariffs will be set by that agreement.	
Exports to all other countries (including countries where the EU has an FTA, but the UK does not): import tariffs will be at that country's MFN rate.	
UK Imports	
Imports into the UK of most steel products and many raw materials (see Annex 2) from all sources incur zero tariffs.	
Imports of other products from the EU also incur zero tariffs.	Imports of other products from the EU will incur the UK's MFN tariffs.
Imports of other products from countries with whom the UK has an FTA: import tariffs will be set by that agreement.	
Imports of other products from all other countries (including countries where the EU has an FTA, but the UK does not): import tariffs will be at the UK's MFN rate.	

Note: Countries' MFN tariffs can be obtained from the Commission's market access database at: <http://madb.europa.eu/madb/indexPubli.htm>.

3. You can check the EU's MFN tariffs on your customers products via the WTO website: http://stat.wto.org/idbdata/idb_eec_last_e.zip

Free trade agreements

The EU has agreements in place, and either fully or partly in operation, with 80 countries. An analysis of these agreements is at Annex 3. Negotiations are underway, and/or agreements are awaiting signature, with a further 44, including Japan and Vietnam. Note that while most of these agreements are free trade agreements: some go further while others establish little more than a framework for political cooperation⁴.

In both hard and soft Brexit scenarios, the UK would in principle no longer be part of any of those FTAs directly. This means in particular that your exports to these countries will incur their full MFN duties. Most of these countries do not apply zero tariffs to steel products as part of their MFN commitments – for example Turkey, with which the EU has a specific FTA on coal and steel products, has MFN tariffs on steel products ranging from 0 to 40%⁵.

However, the government has stated its intention to ensure that the UK has its own FTAs in place with each of these countries at the point we leave the EU. This is an ambitious target, but will be helped by the intended 21 month transitional agreement. Furthermore, it is to be hoped that the Commission would facilitate negotiations under the soft Brexit scenario. If however we crash out on 30 March, then there is a very high probability that the UK will have no agreements in place immediately, and it is unlikely that the Commission would provide help.

It can also be noted that the UK is already a direct signatory to most of the EU's agreements⁶. In theory, this could make it a relatively easy process for the partner countries to conclude identical agreements with the UK as a separate party. If however the partner countries seek to exploit the UK's weakness by seeking new terms, any renegotiations could be protracted.

This is clearly a major area of uncertainty, and members are advised to assess their potential vulnerability to higher tariffs in these export markets.

Soft Brexit scenario	Hard Brexit scenario
There is a moderate risk that UK steel exports will start incurring higher tariffs in some of the countries listed in Annex 3 from 2021.	There is a high risk that UK steel exports will start incurring higher tariffs in most of the countries listed in Annex 3 from 30 March 2019.
These duties are likely to disappear over time as the UK gradually negotiates FTAs to replace the EU's.	

After exit, the UK will be free to negotiate its own FTAs with other countries. The risk here is that, in its rush to demonstrate this advantage to leaving the EU, the UK will put itself in a weak negotiating position, and we could see agreements whose terms are unfavourable to UK interests. This, unfortunately, is not something that members can plan for, but organisations such as EEF are at the forefront of efforts to ensure industry is integral to the consultation process for the establishment of any FTA.

4. Full details, with links to each of the agreements, can be found here: http://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/#_in-place

5. A full list of Turkey's MFN tariffs can be found here: http://stat.wto.org/idbdata/idb_tur_last_e.zip

6. This is because most recent agreements include subject matter that goes beyond the EU's own competence. They therefore require to be jointly signed by each of the Member States as well as the EU. Such agreements are noted in Annex 3.

Preferential tariffs for developing countries

The EU gives unilateral preferential tariff treatment to developing countries, allowing them to pay lower (or zero) duties on goods imported into the EU⁷. The UK has stated that it will continue to give the same preferences. This will apply under all scenarios.

However, as UK tariffs on most steel products and raw materials will in any case be zero, this need not concern members.

Trade remedies

In both of our considered Brexit scenarios, the UK will be taking back full control of trade remedies policy and will have the power to introduce new anti-dumping, anti-subsidy, and safeguard duties following appropriate investigations. A new organisation, the Trade Remedies Authority (TRA), is in the process of being established and recruited for and will be up and running in advance of March 29 2019. In a soft Brexit scenario, the UK would only take control of trade remedies policy at the end of the transition period on 1st January 2021. In a hard Brexit scenario, the UK would take control following our exit on 29 March 2019. In the unlikely scenario that we remain in the EU Customs Union, we would remain under the jurisdiction of the EU trade remedies regime and the UK Government would have no powers in this respect.

There are currently 27 measures in place at an EU level concerning steel products preventing the import of under-priced (dumped) and subsidised goods into the EU. In both Brexit scenarios considered, UK steel producers would lose the protection of these measures unless they are replicated at a UK level after Brexit.

Of the 27 measures, UK steel producers have a direct interest in 15 with production of the relevant steel products taking place in the UK. The UK Government has already confirmed that it will transition over any measure relating to products being produced in the UK, and has held an evidence gathering exercise to determine which measures should be retained. The initial conclusions of this exercise were published in July 2017⁸ and it was confirmed that 14 of the 15 measures identified by the UK steel sector as requiring transition would be carried over after Brexit. We are confident that ultimately all 15 measures will be carried over. Please see Annex 4 for a list of current EU measures and those planned to be transitioned.

The Department for International Trade, has confirmed that it intends to review all of the transitioned measures after March 29 2019, to ensure WTO compliance. The concern is that without a review, all transitioned measures will be open to challenge by foreign exporters targeted by them who could claim that there had been no investigation at a UK level for these measures. The reviews will take form of an 'expiry' review and all members producing the product in question will need to take part.

There is likely to be little practical difference in the timetable and procedure for these reviews between a hard or soft Brexit scenario. However, in a hard Brexit situation the UK will need to transition all relevant EU measures next March in advance of any reviews having taken place; this will make them

7. Details of the EU preference scheme, including a list of beneficiary countries, can be found here: http://trade.ec.europa.eu/doclib/docs/2012/december/tradoc_150164.pdf

8. <https://www.gov.uk/government/consultations/call-for-evidence-to-identify-uk-interest-in-existing-eu-trade-remedy-measures/provisional-findings-of-the-call-for-evidence-into-uk-interest-in-existing-EU-trade-remedy-measures>

more open to challenge. In a soft Brexit scenario, the TRA will at least have 21 months to conduct a number of reviews before the UK has to transition measures. For further information please see the Technical Notice on trade remedies⁹.

One further short term consideration with regards to trade remedies is the EU's safeguard investigation on steel products, instigated due to concerns of import surges resulting from US Section 232 tariffs deflecting steel trade away from the US. At the time of writing the EU has imposed provisional measures on a large number of steel products¹⁰ in form of tariff rate quotas¹¹, these can only be in place for a maximum of 200 days before either replaced with definitive measures (for up to four years) or dropped.

In a hard Brexit scenario, the UK may leave the EU at the end of March 2019 and our steel exports may be subject to those definitive safeguard measures in the form of tariff rate quotas. Hopefully quotas for each steel product will be set at a national, rather than global, level allowing UK steel producers to export at the same levels as recent years, but increasing exports could prove difficult. There is unfortunately little members can do to plan for this eventuality, beyond giving consideration to the impact such a situation would have on future business plans.

Finally, uncertainty remains about whether, and how, the UK Government would implement safeguards at a UK level should we leave the EU at a time when safeguard measures are still in place. This will almost certainly be the case in a hard Brexit, and distinctly possible in a soft Brexit scenario. UK Steel is doing all it can to achieve clarity on this issue and ensure the same trade protections are provided to UK steel companies both before and after Brexit.

One major implication of the UK "going it alone" on trade remedies is that for most steel products today there may be only one or two domestic producers. The rules on the "standing" of an industry to seek protection from unfairly traded imports mean that all (or occasionally nearly all) companies making the product in question will need to participate actively as complainants¹². This will affect both the review of existing EU measures that will take place to assess whether it will be legal to continue to apply them in the UK, and to the opening of new investigations.

Up until now, the filing of EU complaints has been coordinated by the EU trade bodies such as EUROFER, ESTA and EWRIS, and smaller companies have in effect been able to rely upon the resources available within the larger companies. In the future, while UK Steel will provide what assistance is within our scope and competence, all members need to be aware that, if the industry is to continue to benefit from trade protection, they will need to become actively involved in the investigations. This includes in particular the completion of detailed questionnaires requiring data on matters such as their output and sales volumes, pricing, production costs, employment levels, capital investment and capacity utilisation, all relating specifically to the product under investigation; and these data can be subjected to on-site verification by the investigating officials. Again, there is little in the way of preparation that can be done immediately, but consideration should be given to whether the resources exist within companies to do this, as well as the possible financial costs of instigating and participating in trade remedies investigations.

9. The government's guidance document on trade remedies in the event of a "no deal" exit is available here: <https://www.gov.uk/government/publications/trade-remedies-if-theres-no-brexite-deal/trade-remedies-if-theres-no-brexite-deal>

10. See EU Implementing Regulation on Steel Safeguards: http://trade.ec.europa.eu/doclib/docs/2018/july/tradoc_157125_prov.en.L181-2018.pdf

11. A tariff of 25 % will be applied steel imports over and above the established quota level.

12. The UK rules will state that, before an investigation can be started, the applicant UK industry must account for more than 50% of total production of the like goods produced by that portion of the UK industry that has expressed support for or opposition to the application; and at least 25% of the total production of the like goods produced by the entire UK industry.

Soft Brexit scenario	Hard Brexit scenario
The UK will take over full responsibility for trade remedies policy. The TRA will take over all responsibilities for conducting investigations and recommending measures, and companies will need to deal directly with the TRA instead of the EU Commission. All investigations will be conducted on a UK only basis and as such it is likely that all producers of a product in question will need to participate directly.	
The above changes will take effect from 1 January 2021.	The above changes will take effect from 29 March 2019
The TRA will review all transitioned EU measures, many of these reviews will occur during the transition period in advance of these measures actually being applied at a UK level.	The TRA will review all transitioned EU measures as soon as possible after they are applied at a UK level on 29 March 2019. Applying them in advance of a review could leave them open to challenge at the WTO.

Processing reliefs

The EU operates two schemes that provide relief from import duties and VAT for goods that are temporarily imported or exported. These are:

- Inward Processing Relief (IPR): Import duty and VAT need not be not paid on goods (e.g. raw materials or semi-finished products) imported for processing when the finished product is subsequently re-exported.
- Outward Processing Relief (OPR): When goods are exported for processing and the finished good is then re-imported, import duty and VAT need only paid on the added value of the overseas processing – i.e. net of the value of the goods when initially exported.

The paperwork and traceability requirements can be administratively burdensome¹³.

The government has not explicitly stated in the guidance documents so far issued if it will continue to apply these regimes after exit, although there are hints that it will do. If the UK does adopt these regimes, then they could apply to a far greater volume of trade than currently – i.e. all trade between the UK and EU could in future qualify. This applies only under the hard Brexit scenario, as under the soft Brexit scenario, there would be no import duties on which to claim relief. Furthermore, in line with the UK proposal to continue to apply the Union Customs Code (see under “Customs Procedures” below), it is possible that the terms of the eventual deal could stipulate that IPR/OPR would continue only to apply to trade between the EU/UK as a whole and non-EU countries; for example this might mean that selling a finished product to the EU did not count as an “export” for IPR purposes.

13. Guidance on IPR is available here: <https://www.gov.uk/guidance/inward-processing>; and on OPR here: <https://www.gov.uk/guidance/outward-processing-relief-opr>.

However, it would be worthwhile members giving some thought to whether the use of IPR or OPR under the hard Brexit scenario would be advantageous, and if so investigating the systems changes required. Examples of where it might be beneficial include:

- A steelmaker importing ferro-alloys from an EU country could reclaim 7% import duties when those materials are re-exported in steel products to any country, including the EU.
- In the context of complex pan-European supply chains, the use of OPR could be useful in ensuring the continuing viability of processing UK goods in multiple countries.

Soft Brexit scenario	Hard Brexit scenario
It is currently unclear, but likely that an IPR/OPR scheme will continue only to apply to trade between the EU/UK and non-EU countries.	It is likely that an IPR/OPR scheme will apply to trade between the UK and all other countries, including the EU.

Rules of origin

Rules of origin are used to determine the origin of a product for customs and other purposes. Examples of important uses include:

- establishing the correct level of import duty to charge; or
- determining whether a product has EU origin in order to benefit from preferential treatment under one of the EU's free trade agreements.

The broad principle is that if an imported product undergoes a substantial transformation, then it acquires the origin of the country in which that transformation occurs. The way in which this is determined varies according to product. It may relate to the percentage of the total value of a product accounted for non-originating (i.e imported) components – and this methodology typically applies to complex, assembled products. For example, in the recent EU/Canadian FTA, for a motor vehicle to be exported tariff free between the EU and Canada, at least 50% of the components, by value, must originate in either the EU or Canada.

For steel products, the default EU approach is that a change in 4-digit tariff code is sufficient to change a product's origin (although to complicate matters, some FTAs have different rules of origin).

There are no rules of origin at a Member State level applied to intra-EU trade, i.e. there is currently no such thing as UK-origin – everything is EU-origin. It is unlikely this situation will continue after exit.

To give an example: a slab imported from Russia and rolled into a hot rolled coil in the UK would currently acquire EU origin (moving from 7207 to 7208). If that coil were converted into a tube in Italy, it would retain EU origin, but if it were converted into a tube in Turkey it would acquire Turkish origin (moving from 7208 to 7306). If on the other hand the coil were only cut to length, this would not be sufficient to change its origin. After exit, the HR coil would acquire UK origin, not EU origin.

The main risks to steel companies after exit relate to your customers:

- EU-based end-product manufacturers (such as the automotive sector) will seek to retain EU origin for their products, in order to benefit from the preferential tariff treatment in the EU's FTAs. Where a product's origin is determined by the percentage value of its EU content, they may stop buying UK origin steel or components, in order to comply with the EU content threshold.
- Additionally, UK component manufacturers may buy EU-origin steel in order to help EU-based end-product manufacturers meet the EU content threshold.
- Equally, end-product manufacturers currently based in the UK may move their manufacturing operations into the EU if the UK fails rapidly to agree FTAs with key third country markets.
- One possible advantage is that UK manufacturers in the future may specify UK steel in order to maximise the UK content of their products and thereby benefit from the preferential tariff treatment in the UK's new FTAs.

The government has stated that it intends to reach agreement with the EU that rules of origin should not apply to trade between the UK and EU, and that UK-origin goods should be treated as having EU-origin (and vice versa) for the purposes of the EU's FTAs (known as "diagonal cumulation"). This however will not just require the agreement of the EU, but of each of its FTA partners as well; this process would likely take years. It is not clear that this will ultimately be achievable, and it remains questionable whether EU industry, including steel producers, would support it. These risks therefore apply under all scenarios, with the possible exception of remaining in the EU Customs Union.

Unfortunately there is little that members can do to mitigate these risks, but mapping of supply chains and discussions with customers now could help more accurately pinpoint risk and impact.

Soft Brexit scenario	Hard Brexit scenario
Moderate risk of a loss of EU sales, and that the UK steel industry's UK customer base will be eroded.	High risk of a loss of EU sales, and that the UK steel industry's UK customer base will be eroded.

Export controls

Restrictions are placed on the export of defence and nuclear products. This occasionally impacts for steel companies in the context of dual use products – steel products which may have perfectly harmless uses, but may also be used as components for weapons or nuclear equipment. Also, embargoes are sometimes placed for political reasons on the export of certain products to certain countries.

After Brexit, the relevant regulations will continue to apply, as the UK has already legislated for all EU legislation to be automatically translated into UK law. Under a hard Brexit, items that currently need a licence for exporting to third countries would also need a licence for exporting to the EU¹⁴. Whether the same would apply under a soft Brexit will depend on the terms of any deal.

14. The government's technical guidance on export controls in the event of a hard Brexit are available here: <https://www.gov.uk/government/publications/exporting-controlled-goods-if-theres-no-brexite-deal/exporting-controlled-goods-if-theres-no-brexite-deal>.

The list of products and/or destination countries subject to export controls is harmonised at an EU level. It is unlikely that the UK would agree to observing such harmonisation if it is denied a seat at the table where the list is agreed, as this is an issue relating both to national security and foreign policy. In the longer term therefore the UK list of controlled products could deviate from the EU's.

Soft Brexit scenario	Hard Brexit scenario
Sales of controlled goods to EU countries may not need an export licence – subject to the terms of any agreement.	Sales of controlled goods to EU countries will most probably need an export licence.
The UK's and EU's respective lists of controlled goods are likely gradually to diverge in the longer term.	

Customs procedures

The government's objective is to secure "frictionless trade" between the UK and EU, thereby minimising the administrative burdens and the time taken to process trade flows at the border. Maintaining tariff-free trade between the EU and UK is an important component of this. The government also proposes agreeing a "Facilitated Customs Arrangement" (FCA). The key elements of this are:

- The UK continuing to apply the Union Customs Code (UCC) as part of its "common rule book" proposals. This means that all the UK's customs rules and procedures (but not tariffs) would continue to be set by the EU. The UCC is constantly evolving to provide for digital solutions to customs procedures¹⁵.
- The UK collecting EU import duties on goods entering the UK whose ultimate destination is the EU, and then remitting the proceeds to the EU. This may be particularly relevant to the island of Ireland.
- The UK and EU to agree a new trusted trader scheme that would maximise the use of digital solutions, and minimise the need to physically stop goods at the border to assess duties – particularly in cases where goods cross borders several times within a complex supply chain.

While some of the proposals are practical and deliverable, the EU has objected to others, notably the second bullet above. Moreover, the likelihood of securing this import duties collection arrangement was reduced further by an amendment to the Taxation (Cross-border Trade) Bill, that will make it unlawful for the UK Government to enter into such an arrangement without securing reciprocal treatment from the EU, which the government had not previously proposed. There are therefore strong doubts that frictionless trade can be delivered under the current proposals. Nevertheless, taking account of the transition period which allows time for the UK and EU to agree workable solutions, there is a reasonable prospect that significant border delays could be avoided under the soft Brexit scenario.

That cannot be said of a hard Brexit. On 30 March the UK would immediately become a third country. While the UK authorities would do their best to minimise delays on goods entering and leaving the country, there is a higher risk that neighbouring Member States could apply the EU rules to the letter, resulting in severe delays for goods leaving the EU destined for the UK, and for UK goods entering the EU.

15. EU guidance on the UCC can be found here: https://ec.europa.eu/taxation_customs/business/union-customs-code_en.

Practical issues Members need to start addressing include:

- Customs declarations will need to be completed for all imports from the EU and exports to the EU. If you have previously exported to or imported from third countries, then these procedures will already be familiar – but the volume will increase significantly. The FCA proposals are not intended to abolish these formalities, but to ease the burden of complying with them.
- The primary administrative means of completing a customs declaration in the EU is the Single Administrative Document (SAD)¹⁶, which is currently used for EU trade with third countries. It will in future apply to all UK trade to and from the EU. It will also be used for UK goods in transit through EU countries¹⁷.
- An Economic Operator Registration and Identification (EORI)¹⁸ number is needed for all companies based in the EU who wish to import from or export to non-EU countries. It is also needed for non-EU companies selling into the EU. EU companies apply to the customs authority of the Member State in which they are based. Non-EU companies apply to the customs authority of the Member State to which they are first exporting. Any member company who currently trades with a non-EU country will already have an EORI. After exit, any member trading with any country will need an EORI. It appears that the government intends to continue using the EORI for trade into and out of the UK after exiting the EU. What is less clear is whether UK-issued EORIs will still be valid in the EU. The government has stated that it will issue further guidance later¹⁹.
- Authorised Economic Operator status is a type of quality assurance scheme underpinned by standards set by the World Customs Organisation. The EU has an AEO scheme²⁰. An AEO must demonstrate professional competence in the field of customs declarations and must have robust compliance systems in place. In return, an AEO benefits from being able to input directly into electronic customs systems, minimising the need for paper controls and border inspections. The EU has mutual recognition agreements for AEOs with a handful of countries²¹. Given that the UK already operates within the EU's AEO scheme, it would be illogical for the EU not to conclude a mutual recognition agreement with the UK after Brexit, although there could be a delay in the case of a hard Brexit. Members who are not currently AEOs, but who conduct significant volumes of trade with the EU, are recommended to consider applying for AEO status. For the time being, it is recommended that they investigate the standards required and consider what system changes might be necessary to achieve these standards.
- Failing this, it is suggested that members consider using a customs broker or logistics company with AEO status.
- Given that border delays cannot be ruled out, and are almost inevitable under the hard Brexit scenario²², it is recommended that members importing feedstock from other EU countries should consider whether they need to increase their stock levels, and adjust their purchasing accordingly. Similarly, members should consider whether the retention of customer loyalty in other EU countries requires an increase in consignment stock levels in those countries.

16. EU guidance on the SAD is available here: https://ec.europa.eu/taxation_customs/business/customs-procedures/general-overview/single-administrative-document-sad_en

17. The SAD is also used to track IPR and OPR transactions. Depending on what is eventually agreed (or not) in this area, the UK may need to develop its own documentary procedures for this purpose.

18. For more information on EORI numbers, see here: https://ec.europa.eu/taxation_customs/business/customs-procedures/general-overview/economic-operators-registration-identification-number-eori_en. UK Government guidance on applying for an EORI number is available here: <https://www.gov.uk/eori>.

19. See the government's guidance document Trading with the EU if there's no Brexit deal: <https://www.gov.uk/government/publications/trading-with-the-eu-if-theres-no-brexite-deal/trading-with-the-eu-if-theres-no-brexite-deal>.

20. More information on the EU's AEO scheme is available here: https://ec.europa.eu/taxation_customs/general-information-customs/customs-security/authorised-economic-operator-aeo_en.

21. Norway, Switzerland, Japan, Andorra, the US and China.

22. Although this has not been stated, members should assume that in this scenario priority will be given to perishable goods, resulting in greater delays for goods like steel.

- Finally, members should consider the impact that additional custom checks/delays could have on their customers in the UK. There has been significant talk of supply chain disruption to the automotive sector that could even see temporary factory shut downs. If not done already, members should take steps to understand the possible impacts on their supply chains and understand the indirect impacts on themselves.

It is possible that many of the trade-facilitating measures proposed by the UK, such as the mutual recognition of AEOs, could also apply if the UK were to go for the free trade agreement option. On the other hand, if the UK remained in the Customs Union then all current arrangements would continue to apply.

Soft Brexit scenario	Hard Brexit scenario
A SAD will need to be completed for all shipments between the UK and EU, and for UK-origin goods that are in transit through the EU.	
UK companies importing from the EU will need an EORI number, issued by the UK.	
UK companies exporting to the EU will need an EORI number. UK-issued EORIs may or may not be usable.	UK companies exporting to the EU will need an EORI number. It is most likely that UK-issued EORIs will not be valid, and that UK companies will need to apply to an EU Member State for an EU EORI.
It is expected that the UK and EU will agree mutual recognition of their respective AEO schemes.	Mutual recognition of the UK and EU AEO schemes ultimately is possible, but there will be delays before this is achieved.
Risk of delays at the border, particularly for shipments not made by a company with AEO status.	High risk of significant delays at the border.

Value added tax

There remains a high degree of uncertainty regarding precisely how VAT will operate for imports and exports after Brexit, but it is highly unlikely either in a soft or hard Brexit scenario, that the UK will remain part of the EU VAT area. Staying in the VAT area would require harmonisation with EU rules on VAT and in this regard the UK would be subject to the rulings of the ECJ; big red lines as far as the government is concerned. Moreover, amendments to the Taxation (Cross-border Trade) Bill effectively rule this possibility out.

As such in both hard and soft Brexit scenarios for VAT purposes the EU likely will be treated like any other country. VAT will be payable on the value of any goods (including customs tariffs) imported from the EU, whilst VAT will no longer be chargeable on exports to the EU²³. Members should ensure that their systems are able to cope with this change in procedure.

23. HMRC's guidance on zero-rating VAT on non-EU exports (which, after Brexit will also apply to exports to the EU) is available here: <https://www.gov.uk/guidance/vat-exports-dispatches-and-supplying-goods-abroad>.

Under a soft Brexit it is still unclear what agreement the government intends to reach with the EU in order to minimise the disruption and administrative burden as a result of this change. All the Chequers White Paper says is that, “To ensure that new declarations and border checks between the UK and the EU do not need to be introduced for VAT and Excise purposes, the UK proposes the application of common cross-border processes and procedures for VAT and Excise, as well as some administrative cooperation and information exchange to underpin risk-based enforcement.” It is not clear what this would entail in practice.

In a hard Brexit scenario things are a little clearer. The UK Government has set out in its Technical Notice on VAT²⁴ that it would “introduce postponed accounting for import VAT on goods brought into the UK. This means that UK VAT registered businesses importing goods to the UK will be able to account for import VAT on their VAT return, rather than paying import VAT on or soon after the time that the goods arrive at the UK border. This will apply both to imports from the EU and non-EU countries.

Terms and conditions

Members will need to review their contractual arrangements and standard terms & conditions to ensure that the UK’s new status as a non-EU state is reflected in them. Clearly they will need to take legal advice: UK Steel is not qualified to give such advice. However, a non-exhaustive list of issues for consideration is as follows:

- Which party is responsible for paying any import duty on sales from the UK to EU?
- Which party is responsible for paying any import duty on imports into the UK from the EU?
- Which party is liable in the case of port delays?
- Do payment terms need adjusting to take account of port delays?
- Do the force majeure conditions need amending to take account of potential port delays?
- Are changes needed to reflect the changed VAT position?

Finance

Currently, a financial services provider authorised to operate in one Member State is automatically authorised to operate in all other Member States (known as “passporting”).

Unlike trade in goods, the government’s current Brexit proposals do not include any UK participation in the Single Market for financial services. Thus under both of our central scenarios, UK-authorized financial services companies will no longer be permitted to operate in the EU unless they have separately obtained authorisation in another Member State. One implication of this is that a contract entered into with a UK provider that relates to another Member State, and that is due to complete after the date of Brexit, may no longer be enforceable at that point.

The converse will not be true. The UK has committed to allowing EU financial services providers to continue operating in the UK for up to three years after Brexit without obtaining specific UK authorisation²⁵.

24. HMRC’s more detailed guidance on the treatment of VAT in the case of a hard Brexit is here: <https://www.gov.uk/government/publications/vat-for-businesses-if-theres-no-brex-it-deal/vat-for-businesses-if-theres-no-brex-it-deal>.

25. See the government’s guidance document on banking, insurance and other financial services: <https://www.gov.uk/government/publications/banking-insurance-and-other-financial-services-if-theres-no-brex-it-deal/banking-insurance-and-other-financial-services-if-theres-no-brex-it-deal>

Members are advised to check that all financial service providers with whom they have contracted or plan to contract business will still be authorised to deliver on the contract after Brexit day. To be safe, members should for the time being assume that this date is 23:00 GMT on 29 March 2019.

Regulations

The general principle is that the European Union (Withdrawal) Act 2018 transfers EU law to the UK statute book on exit day. Thus there will be no immediate change to the regulatory environment under which members operate.

Additionally, the current UK proposal is for a “common rulebook” for goods. The UK has defined the rules that would be covered as “only those rules necessary to provide for frictionless trade at the border. In the case of manufactured goods, this encompasses all rules that could be checked at the border, as they set the requirements for placing manufactured goods on the market, and includes those which set environmental requirements for products, such as their energy consumption.”

Thus the proposal would include the continued harmonisation of technical standards and the environmental performance of products, but would appear not to cover the environmental performance of the plants in which the products were manufactured.

The UK proposes a complex institutional arrangement whereby it would seek to influence future changes in regulations included within the common rulebook, but ultimately it would have no vote, and would have to accept changes made in Brussels. It also proposes a bilateral dispute settlement mechanism, in an attempt to ensure that in future European Court of Justice rulings cannot be directly applicable in the UK.

It should be recognised that it is this “cherry-picking” approach to selecting the legislation for inclusion in the “common rulebook” that forms one of the EU’s main objections to the UK’s proposals. It is thus unlikely that the common rulebook in its current form would be included in any eventual exit agreement. If the UK were to resort to having a straight free trade agreement with the EU, it is likely that the common rulebook proposal would not be included, giving the UK the same regulatory freedoms as under a hard Brexit. If this regulatory freedom were used to diverge from the EU, in many cases this would progressively increase the regulatory burden for manufacturers trading with the EU who would then have two, rather than one, set of rules to deal with.

Soft Brexit scenario	Hard Brexit scenario
No immediate change to any rules and regulations.	
For regulations covered by the “common rulebook”, notably those relating to product standards and performance, the UK will continue to adopt EU rules.	The UK will be free to develop its own legislation in all areas, leading to progressive regulatory divergence between the UK and EU.
In other areas the UK will be free to develop its own legislation from 2021 onwards, leading to progressive regulatory divergence between the UK and EU.	

In a soft Brexit scenario, for rules and regulations not covered by the common rulebook proposal, the UK could progressively develop its own legislation, so that the UK would gradually diverge from the EU; any divergence would be a long term development and requires no action by members at present. However, it should be noted that the Chequer's White Paper includes proposals for 'non-regression' provisions within any agreement, whereby the EU and UK would agree to maintain high regulatory standards in areas such as environment and employment rules. The intention under a soft Brexit scenario, is clearly therefore to maintain some level of equivalence with the EU in many regulatory areas. There is unlikely to be any 'bonfire of regulations' under a soft Brexit type scenario.

Regulation of particular interest to the steel industry are covered below:

REACH

REACH, the EU's regulation for the Registration, Evaluation, Authorisation and Restriction of Chemicals, is major area of environmental regulatory compliance for steel companies. Steel companies could be involved in REACH for a number of reasons such as importing and using substances controlled by the regime, production and disposal of certain industrial by-products, or even manufacture of steel products that are controlled by the regime.

Like so much else, the UK's future relationship with REACH, and the possibility of a UK version of it, is subject to considerable uncertainty. Under a soft Brexit it is proposed that the UK remain within REACH and maintain a relationship with ECHA, meaning businesses register directly with ECHA as before and only one set of approvals is required. In this scenario, there is no significant departure from the current arrangements, meaning minimal disruption for steel companies in this regard.

However, a hard Brexit scenario would mean for the purposes of REACH, the UK becomes a third country and will then require its own chemicals regulatory system and IT infrastructure. In such a situation steel companies dealing with controlled substances would need to take necessary steps to be compliant with the new regime, this could be a complex and expensive regulatory exercise for those companies that have to register under the new UK system. A hard Brexit could also bring new companies into a UK REACH that do not currently participate in the current EU regime; for example those that currently import controlled substances exclusively from other EU countries. In the result of a hard Brexit, such companies would likely be newly classified as importers under a UK REACH regime and would need to register as such.

The government has said that regardless of the result of the negotiations, there will be a regulatory regime in place for when the UK leaves the EU to ensure as much continuity as possible. To this end, it has developed IT systems for re-registration under a new UK REACH if there is a no-deal scenario and is ensuring that there is domestic capacity to fulfil obligations currently undertaken by ECHA.

If there is an implementation period until 31 December 2020, REACH will continue to apply throughout. This means current registrations and authorisations in place before March 2019 will continue to be valid during the implementation period in the same way. The UK's ultimate relationship with ECHA will depend on the outcome of the negotiations, regardless of any implementation period.

Soft Brexit scenario	Hard Brexit scenario
<p>Participation in ECHA, accepting its rules and costs. Although, a new arrangement will have to recognise that the UK is not a member state.</p> <p>The UK would not have voting rights but would maintain ‘observer’ status with access to ECHA’s IT systems in order to ensure the timely transfer of data.</p> <p>This is in line with the UK Government ambition for companies to only go through one set of approvals, registering directly with ECHA.</p> <p>This is close to ‘business as usual’ and in this scenario businesses would have to do very little preparation.</p> <p>To note, this proposal has very little traction with the EU. Therefore, any resulting negotiated scenario could have different as yet unknown implications.</p>	<p>The UK would establish its own regulatory framework and build domestic capacity to deliver the functions currently performed by the European Chemicals Agency (ECHA). The competent authority will be the Health and Safety Executive.</p> <p>A new UK framework would enable the registration of chemicals through a domestic IT system, similar to the existing EU IT system.</p> <p>Existing UK-held registrations will be ‘grandfathered’ into UK REACH and there will be a light-touch notification process for UK companies importing from the EEA. Importer status will be created as a result of creating a new border between the EU and UK.</p> <p>Companies will need to take significant action to ensure access to the UK and EU markets.</p>

EU ETS

The UK has committed to remaining in the EU Emissions Trading System (ETS) until the end of the scheme’s current phase and the Brexit implementation period (both December 2020) assuming some kind of deal is reached. This would not apply in a ‘no deal’ scenario.

Beyond 2020, there are four main options under consideration but no further details have been provided or any indication of government preference: remaining in the EU ETS; setting up a UK-only ETS; a UK ETS that links to carbon pricing schemes in other countries or regions; and a carbon tax.

For the moment all companies can do is be aware that their carbon costs and administrative duties may change from December 2020. There will be a data collection exercise for the post-2020 phase of the EU ETS beginning next year which UK companies are likely to have to participate in even if the UK expects to exit the scheme.

We are still waiting for a technical paper from government setting out the plans around the EU ETS in a no deal scenario. However, the biggest immediate issue was settled late last year when the UK agreed with the rest of the EU to move forwards the deadline for submitting allowances to cover

2018 emissions from April 2019 to pre-Brexit in March 2019. We also know that companies can't bank on receiving any viable allowances in early 2019 as would normally be the case. That may mean they have to buy more allowances than originally expected to cover their 2018 emissions.

The other remaining uncertainties around a hard Brexit scenario are: whether UK firms will have to submit allowances to cover the first quarter of 2019, before the UK leaves the EU, and if so whether allowances will be provided in some way to cover this period; what will happen to the accounts UK participants hold in the EU ETS registry and any allowances in them; and what rules the UK will introduce for the post-March 2019 period.

Soft Brexit scenario	Hard Brexit scenario
<p>2018 compliance: Deadlines have been brought forward to ensure compliance is completed before March 2019. Allowances may not be issued in early 2019 as would normally be the case, or may have limited validity preventing them being used for 2018 compliance.</p>	
<p>2019 and 2020 compliance: UK is likely to remain in the EU ETS until December 2020 so it is feasible rules will remain largely the same until then but with some measure to prevent UK participants defaulting on their obligation to surrender allowances in April 2021 to cover 2020 emissions. One option is for the EU to use existing powers to limit the validity of allowances issued to UK firms in 2019 and 2020.</p>	<p>2019 compliance: It is unclear what EU compliance obligations UK firms will have for the first quarter of 2019 or what access to free allowances they will have to meet them. The situation after Brexit is equally unclear until a technical note is published.</p>
<p>Post-2020 period: UK could pursue several very different options.</p>	<p>Post-2020 period: UK could continue any measures implemented immediately after Brexit or decide to treat them as interim arrangements and conduct further reforms.</p>

Environmental permitting

The vast majority of UK Steel member's plants are regulated in accordance with the requirements of the EU Industrial Emissions Directive (IED), necessitating the possession of an environmental permit in order to operate. The IED, and its practical implantation by the Environment Agency (and NI, Scottish and Welsh Equivalents), aims to prevent and reduce harmful industrial emissions whilst promoting the use of techniques to reduce pollutant emissions but which are energy and resource efficient.

In either a hard or soft Brexit scenario, the Industrial Emissions Directive will continue to have effect in UK law via the Environmental Permitting Regulations 2014²⁶ (and devolved equivalents). The UK has committed to maintaining equivalent environmental standards after Brexit and for transferring any necessary powers over to UK institutions necessary to maintain the same environmental permitting regime. As such steel companies should not experience any change in the way they are regulated or what they must do in order to comply.

26. http://www.legislation.gov.uk/ukSI/2014/255/pdfs/ukSI_20140255_en.pdf

One longer term consideration concerns the process for establishing Best Available Techniques (BAT Conclusions) via the ‘Sevilla process’. In a hard Brexit scenario, and probably a soft one as well, the UK would no longer be part of this collective EU process. The UK Government would put the necessary legislation in place to ensure the current BAT conclusions continue to have effect in UK law after we leave the EU, and will put in place a process for the future determination of BAT conclusions.

Health and safety

Health and safety legislation appears not to be included in the current “common rulebook” proposal. The UK Government would not be expected to introduce legislation that undermined our existing high levels of H&S protection. However, under both our central scenarios it is likely that manufacturing organisations will push for the early repeal of some elements of H&S legislation that to British eyes appear unnecessary or misguided. EEF for example has already identified the Artificial Optical Radiation and Electro Magnetic Fields Directives as candidates for repeal without reducing levels of protection for workers.

Steel standards, certification and related regulation

Most steel products are sold on the EU market under EU harmonised standards. For these products, British standards issued by the BSI are identical to the European (EN) standard. A key element of the UK’s common rulebook proposal is that the UK would continue to use these harmonised standards.

Standards are also increasingly being harmonised at a global level, with EN standards designed to comply with ISO standards.

Under a hard Brexit, all existing EN standards would for the time being continue to apply within the UK. The UK would however be free to choose not to adopt new or revised EN standards and to develop its own product standards. The degree to which this happened is likely to depend on the dynamics of individual products/sectors.

- Sectors with a high proportion of EU sales, or whose customers had a high level of EU trade, would be likely to want to keep selling to EN standards in the UK. There would be costs involved in manufacturing and selling to two sets of standards. We would expect most sectors to opt to continue to use EN standards in the UK.
- British sectors with few EU sales might instead opt to develop different BS standards, in an attempt to make the UK market less attractive to foreign competitors. (It should be mentioned that there is no evidence from the steel sector that this has ever worked as a medium term strategy.)

The degree of freedom to set its own standards that the UK acquires under alternative scenarios will depend on the terms of the UK’s eventual agreement (or non-agreement).

Product standards are agreed by EU bodies in which manufacturers play a key role. For steel products it is CEN. UK participation in these bodies is coordinated by the BSI. Under the soft Brexit proposal it is highly probable that British companies would continue to be able to participate in CEN – and this is the government’s current assumption. This is important, as without UK participation standards could be developed that do not reflect the interests of UK manufacturers.

Under a hard Brexit, there is a higher risk that the UK would not be allowed full participation in CEN. The situation under alternative scenarios is uncertain²⁷.

27. CEN membership is currently restricted to EU members, EEA members, Switzerland, and candidate countries.

The government has proposed that testing and compliance regimes remain as at present, to be achieved via a jointly agreed accreditation framework. In other words, certification issued by an accredited UK-based organisation would be applicable throughout the EU, and vice versa. The UK is likely to push strongly for the same to apply under alternative scenarios.

This is unlikely to be possible under the hard Brexit scenario, meaning that certification for selling into the EU market could only be given by an EU-accredited body. These dual certification requirements could be costly, particularly if certifications issued by UK-accredited bodies ceased to be valid in the EU immediately on 30 March.

For many steel products, standards compliance is essentially a matter of business-to-business agreement. EU customers may be happy to accept that certification issued by an accredited UK body is sufficient to demonstrate compliance with the relevant EN. This will not be the case however with products subject to a regulatory regime, and you will only be able to use your current supplier if they have a registered/accredited office in the EU.

The main such regime affecting certain steel products is the Construction Products Regulation, where CE marking and use of the harmonised standards is mandatory. This Regulation will automatically be written into UK law under all scenarios on the day of exit. Further guidance on how exactly this will be applied under the soft Brexit scenario is awaited.

However, the government has issued guidance relating to a hard Brexit scenario²⁸. While the government will try to make the transition as smooth as possible for sales on the UK market, sales into the EU could be adversely affected. The guidance states that “the results of conformity assessment carried out by UK notified bodies will no longer be recognised in the EU. This means that products tested by a UK notified body will no longer be able to be placed on the EU market without retesting and re-marking by an EU recognised conformity assessment body.” The guidance gives the following recommendations:

- “Products which were tested by a UK-based notified body will need to be retested by an EU-recognised conformity assessment body before placing on the EU internal market (A list of EU-recognised conformity assessment bodies can be found on the NANDO database. After March 2019, in a no deal scenario UK-based bodies will no longer be listed on this database).
- Alternatively, manufacturers can seek to arrange for their files to be transferred to an EU-recognised notified body to allow for certificates of conformity issued by a UK-based notified body to continue to be valid.
- In either of the scenarios above, products where third-party testing is required would need to be re-marked with the new EU-recognised notified body’s four-digit number.”

For sales on the UK market after a hard Brexit, conformity assessments issued by EU-authorised bodies would continue to be valid for an (unspecified) period of time. After that, EU-manufactured construction products sold in the UK would require a conformity assessment issued by a UK-authorised body. In the medium term, EU and UK standards and conformity requirements would remain identical, but the UK could develop its own standards in the longer term. The UK in the medium term would develop its own conformity mark for goods sold in the UK.

28. Available here: <https://www.gov.uk/government/publications/trading-goods-regulated-under-the-new-approach-if-theres-no-brexite-deal/trading-goods-regulated-under-the-new-approach-if-theres-no-brexite-deal>

Soft Brexit scenario	Hard Brexit scenario
Existing standards will continue to apply immediately after Brexit.	
Existing standards will also continue to apply in the long term.	The UK could develop separate standards, but this is largely for industry to determine.
UK certification bodies continue to be recognised in the EU.	UK certification bodies are no longer recognised in the EU. After a transitional period, EU certification bodies will not be recognised in the UK.
The Construction Products Regulation will continue to apply immediately after Brexit.	
The CPR will also continue to apply in the long term.	The UK could in due course develop its own regulatory system for construction products.

State aid and competition law

The government has stated that it will continue to apply EU state aid and competition law after exit, even under the hard Brexit scenario²⁹. This will be policed by the Competition and Markets Authority. While there is the possibility, particularly under a hard Brexit, that some differences in interpretation could emerge over the longer term, the CMA is expected to liaise closely with DG Competition.

Under a hard Brexit, there would be the possibility for a future government to change this.

Trademarks and patents

The government has issued guidance on the steps to be taken regarding trademarks³⁰ and patents³¹ under a hard Brexit scenario.

Data protection

The General Data Protection Regulation (GDPR) will continue to apply in the UK under both scenarios. In the UK, this sits alongside the Data Protection Act 2018, which of course will be unaffected.

The GDPR treats the flow of personal data from outside the EU to third countries differently from the flow within the EU. After Brexit, unless we remain in the Customs Union, the UK will of course become a third country.

The government has stated that “the UK would at the point of exit continue to allow the free flow of personal data from the UK to the EU”³². The same may not be true concerning the flow in the opposite direction. The UK is working to ensure that the Commission accepts that the UK’s data protection measures are “adequate” to allow the free flow of personal data from the EU – which

29. Guidance on state aid is available here: <https://www.gov.uk/government/publications/state-aid-if-theres-no-brexit-deal/state-aid-if-theres-no-brexit-deal>, and on competition law here: <https://www.gov.uk/government/publications/merger-review-and-anti-competitive-activity-if-theres-no-brexit-deal/merger-review-and-anti-competitive-activity-if-theres-no-brexit-deal>.

30. <https://www.gov.uk/government/publications/trade-marks-and-designs-if-theres-no-brexit-deal/trade-marks-and-designs-if-theres-no-brexit-deal>

31. <https://www.gov.uk/government/publications/patents-if-theres-no-brexit-deal/patents-if-theres-no-brexit-deal>

32. The government’s guidance on the GDPR in the event of a hard Brexit is here: <https://www.gov.uk/government/publications/data-protection-if-theres-no-brexit-deal/data-protection-if-theres-no-brexit-deal>

would be entirely logical – but this is tied up in the politics of Brexit. If the EU does not accept that the UK meets this adequacy test, a workaround for members would be through inserting standard clauses in sales etc contracts.

Other IT issues

Moving from being an EU Member State to a third country will affect the way in which data are handled for potentially a large volume of transactions (for example VAT will be treated differently). Members are advised to put in place an action plan to ensure that their IT systems are fit for purpose to implement these changes - potentially as soon as 30 March.

Employment

All EU employment law will automatically be enshrined as UK legislation on Brexit. There are few implications for UK employers under both scenarios³³.

Under both scenarios, free movement of labour from EU countries will end. EU citizens already in the country would have the right to remain here. Going forward, immigration from EU countries will be controlled, along with the existing controls on non-EU immigrants.

The government's Migration Advisory Committee recently issued recommendations for the post-Brexit immigration regime³⁴. Put simply, the MAC recommends treating EEA citizens the same as immigrants from other countries are currently treated. It proposes making it easier for medium and (in particular) high skilled migrants to obtain visas – defined as a salary threshold of £30,000. Below this threshold, immigration would be severely restricted.

Members are advised to assess whether their recruitment would be affected by these changes if they were accepted by the government.

33. The government has identified European Works Councils and employee rights in insolvencies as two areas where employee rights could be affected by a hard Brexit. See their guidance document: <https://www.gov.uk/government/publications/workplace-rights-if-theres-no-brexite-deal/workplace-rights-if-theres-no-brexite-deal>

34. The report is available here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741926/Final_EEA_report.pdf

CHECKLIST

A. Issues to consider in the short term

1. Do you import from or export to other EU countries, or countries with which the EU has a Free Trade Agreement (FTA)? If “**no**”, jump to point 16.
 - 1.1 Familiarise yourself with the tariff codes under which you import raw materials and/or feedstock, and export your products.
 - 1.2 Start using the UK’s tariff schedule (instead of the CN) once it has been issued.
2. Do you import from other EU countries pig iron and/or ferro-alloys (**other than** ferro-nickel, ferro-tungsten, ferro-silico-tungsten, ferro-niobium, and ferro-phosphorus)? Do you import from other EU countries cast iron tubes, tube fittings, steel castings or steel forgings? If so, you will start incurring UK import duties from 30 March if there’s a hard Brexit. If so:
 - 2.1 Have you conducted a risk analysis of the impact on your competitiveness of these duties?
 - 2.2 Do you export your products (to any country)? If so, have you evaluated whether applying for Inward Processing Relief would help mitigate the loss of export competitiveness if there’s a hard Brexit? If “**yes**”:
 - 2.2.1 Familiarise yourself with the documentary and regulatory requirements.
 - 2.2.2 Are changes needed to your internal systems to meet these requirements?
 - 2.3 Are there any other mitigating strategies?
3. Have you contracted, or are you planning, to buy any plant or machinery from other EU countries to arrive on or after 30 March? If so these will incur UK import duties if there’s a hard Brexit.
 - 3.1 Is the liability for paying these duties stipulated in the contract?
 - 3.2 Consider discussing with your suppliers their absorption of the duties, or sharing the costs.
 - 3.3 Are there alternative UK-based suppliers who might be more competitive after 29 March?
 - 3.4 Analyse the financial planning implications.
4. Do you export to other EU countries cast iron tubes, tube fittings, steel castings or steel forgings? If so, your sales will start incurring EU import duties from 30 March if there’s a hard Brexit. If so:
 - 4.1 Consider the contractual implications, including liability for paying the duties.
 - 4.2 Are there other strategies for mitigating the loss of competitiveness?
5. Do you have EU competitors making cast iron tubes, tube fittings, steel castings or steel forgings who sell in the UK?
 - 5.1 Do you have a strategy in place to capitalise on their loss of competitiveness if there’s a hard Brexit?

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6. Do you import from countries with whom the EU has an FTA: pig iron and/or ferro-alloys (**other than** ferro-nickel, ferro-tungsten, ferro-silico-tungsten, ferro-niobium, and ferro-phosphorus)? Do you import from countries with whom the EU has an FTA: cast iron tubes, tube fittings, steel castings or steel forgings? If so, there's a high probability that you will start incurring UK import duties from 30 March if there's a hard Brexit. This situation will continue until the UK negotiates its own FTA with the country in question.
 - 6.1 Have you conducted a risk analysis of the impact on your competitiveness of these duties?
 - 6.2 Do you export your products (to any country)? If so, have you evaluated whether applying for Inward Processing Relief would help mitigate loss of export competitiveness if there's a hard Brexit? If **"yes"**:
 - 6.2.1 Familiarise yourself with the documentary and regulatory requirements.
 - 6.2.2 Are changes needed to your internal systems to meet these requirements?
 - 6.3 Are there any other mitigating strategies?
 7. Do you export to countries with whom the EU currently has an FTA? If so, there's a high probability that these sales will start incurring import duties from 30 March if there's a hard Brexit. The duties incurred will be those countries' MFN duties, instead of the preferential duties that EU sales currently enjoy. This situation will continue until the UK negotiates its own FTA with the country in question.
 - 7.1 Consider the contractual implications, including liability for paying the duties.
 - 7.2 Are there other strategies for mitigating the loss of competitiveness?
 8. Have you investigated whether Outward Processing Relief would reduce your costs? If so:
 - 8.1 Familiarise yourself with the documentary and regulatory requirements.
 - 8.2 Are changes needed to your internal systems to meet these requirements?
 9. Have you conducted a risk analysis of the impact of both a hard and soft Brexit on your customers – both in the UK and EU?
 - 9.1 Are your customers likely to pull out of the UK if they have to start paying import duties?
 - 9.2 Are your customers, or your customers' customers, reliant on sales to countries with whom the EU has an FTA?
 - 9.2.1 If so, can you estimate whether watering down their EU content by buying UK steel will lead to their products losing EU origin?
 10. Do you export any controlled goods to the EU? If so:
 - 10.1 Keep the licensing requirements under review.
 11. Are you familiar with the Single Administrative Document (SAD)?
 - 11.1 If not, examine the EU's guidance at https://ec.europa.eu/taxation_customs/business/customs-procedures/general-overview/single-administrative-document-sad_en
 - 11.2 In either case, are your systems capable of dealing with the likely increased volume of administration.

12. Do you have an Economic Operator Registration and Identification (EORI) number?
 - 12.1 If not, you should apply for one.
 - 12.2 In either case, you should keep under review whether UK-issued EORIs will be valid in the EU after Brexit.

13. Are you an Authorised Economic Operator (AEO)?
 - 13.1 If not:
 - 13.1.1 You should consider whether you have sufficient export and import transactions to justify seeking AEO status.
 - 13.1.1.1 You will need to review if your internal systems require amending to meet the standards.
 - 13.1.2 Alternatively, check that your customs broker or logistics company has AEO status.
 - 13.2 In either case, keep under review whether the UK and EU have agreed mutual recognition of AEO status.
 - 13.2.1 If not, consider applying to an EU Member State for AEO status; or
 - 13.2.2 Check that your customs broker or logistics company has acquired AEO status from an EU Member State.

14. Are your accounting systems set up to handle the change in VAT treatment?

15. Do your terms and conditions need amending to reflect the UK's new status as a non-EU state?

16. Do you produce any of the products that will be covered by new UK trade remedies measures (see Annex 4)?
 - 16.1 If so, you are advised to identify the resources within your company that will be needed to meet the TRA's data requirements when they review whether the measures can legally continue to be imposed by the UK.

17. Do you produce and or export to the EU any products currently covered by the EU steel safeguard measure? If so:
 - 17.1 Consider your preparedness to provide detailed information to the UK Government for its own, possible safeguards investigation that may be necessary.
 - 17.2 Consider how the possibility of EU safeguard measures against the UK could impact on your future export plans to EU countries.

18. Do you use, produce or import any substances or articles controlled by the EU's chemical regulatory regime REACH? If yes then the following considerations/steps should be made:
 - 18.1 Ensure you have read the guidance from ECHA regarding a 'no-deal' scenario³⁵
 - 18.2 In any Brexit scenario, communicate the potential risks to their supply chain as early as possible and ensure contingency plans are in place in case of a no-deal Brexit.

35. <https://echa.europa.eu/uk-withdrawal-from-the-eu>

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- 18.3 In the case of a hard Brexit, be prepared to have your existing registrations and authorisations validated with the UK authority, the Health and Safety Executive. Basic information will need to be provided within 60 days of leaving the EU by opening up an account on UK REACH IT system and uploading the information.
 - 18.4 Those companies that have their registrations grandfathered (see 18.3) across, will have two years from the date of a hard Brexit to provide the UK authority with the full data set that supported their EU registration. Members should prepare for this eventuality including investigating the data protection/sharing conditions of the consortia they are members of. Some may require you to purchase this data.
 - 18.5 Importers who do not hold an EU REACH registration will have 180 days from the date of leaving the EU to notify the UK authority of basic data relating to the chemicals instead of having to fully register immediately. This is an interim approach and is subject to a review of the whole process in a UK context.
 - 18.6 Existing UK registrants that export controlled substances or articles to EU countries would need to transfer their registration to an EU affiliate or an Only Representative. The alternative is to change your working relationship with your customers which will require action before the UK leaves the EU.
19. Do you participate in the EU ETS? If yes, then you should consider the following:
 - 19.1 Are you aware of the new 2019 deadlines for submitting 2018 data and surrendering allowances to cover 2018 emissions?
 - 19.2 Have you budgeted for the fact you may have to purchase enough allowances to cover all your 2018 emissions as you may not receive any valid allowances in early 2019?
 - 19.3 Have you worked out where to move any remaining, unused allowances to in a hard Brexit scenario to ensure you still have access to them?
 - 19.4 Have you read the EU ETS technical note (once published) to check what UK obligations will be in place after March 2019?
 20. Do you sell regulated products (e.g. construction products)? If yes, then the following considerations will apply if there's a hard Brexit, or an agreed Brexit that does not provide for mutual recognition of certification bodies:
 - 20.1 Do you sell such products on the UK market?
 - 20.1.1 You should ensure that within the short term your conformity assessment(s) are issued by a UK-authorized body.
 - 20.1.2 If you currently use a notified body authorised in another EU member state, you may instead seek to arrange for your files to be transferred to a UK-recognised notified body to allow for certificates of conformity issued by the EU-based notified body to continue to be valid.
 - 20.2 Do you sell such products on the EU market? If so, you again have two choices, which to avoid disruption after 29 March should be actioned as soon as it becomes clear that a hard Brexit will happen:
 - 20.2.1 Get your products retested by a conformity assessment body recognised by another EU member state; or
 - 20.2.2 Arrange for your files to be transferred to an EU-recognised notified body to allow for certificates of conformity issued by a UK-based notified body to continue to be valid.

20.2.3 Where necessary, change your marking procedures to ensure that products destined for the EU market are re-marked with the new EU-recognised notified body's four-digit number.

20.3 In both cases, you are advised to start making preparatory plans.

21. Do you sell other products into EU markets? If yes:

21.1 Under the hard Brexit scenario you should assess whether there will be a requirement from your customers for your products to be certified by an EU-recognised body, and act accordingly.

22. Do you have trademarks and/or patents that you wish to protect in the EU after a hard Brexit?

22.1 You are advised to read the government guidance regarding trademarks and patents and to consult your professional advisers.

23. If (under a hard Brexit) the UK is unable to agree with the EU that the UK's data protection measures are "adequate" under the GDPR, members should consider amending their contractual arrangements so that personal data can continue to flow freely from the EU.

24. All members are advised to put in place an action plan to ensure that their IT systems are fit for purpose to implement the changes consequent on the UK ceasing to be an EU member state - potentially as soon as 30 March.

25. All members are advised to review their future recruitment needs. Are you likely to seek to recruit immigrants on annual incomes under £30,000? If so, availability may be severely limited. Mitigation strategies could include:

25.1 Improving the remuneration package?

25.2 Training recruits already resident in the UK on 29 March, and with the right to remain here?

25.3 Outsourcing to other countries?

[Note: this advice is based on the recommendations of the Migration Advisory Committee, which is not yet government policy. This could therefore change.]

B. Issues for future review

1. Keep the UK's FTAs under review.

1.1 Note that even under the government's soft Brexit plan, the EU's FTAs will cease to apply to the UK from 1 January 2021, unless or until the UK has negotiated its own agreements with these countries.

1.2 As the UK negotiates FTAs with the countries that have agreements with the EU, the remarks at A.6 and A.7 will cease to apply.

1.3 As the UK negotiates FTAs with other countries, you will start enjoying a competitive advantage.

UK Steel will keep you advised about the UK's progress.

2. Monitor of imports of your products into the UK, to provide indications of whether dumping of products is taking place and whether trade remedies action is required. UK Steel will take on a monitoring and reporting function to help members in this regard as well.

3. Keep under watch any reviews of existing trade remedies measures that will take place. UK Steel will monitor and inform members as well.
4. Keep under review whether UK-issued EORIs will be valid in the EU after Brexit.
5. Keep under review whether the UK and EU have agreed mutual recognition of AEO status.
6. UK Steel will keep UK climate, environmental and health & safety legislation under review as it is amended post-Brexit.
7. Keep the requirements for marking of construction products under review.
8. Under the soft Brexit scenario, keep under review the mutual recognition of UK and EU compliance and testing regimes.
9. Keep the government's immigration policy under review.

ANNEX 1

Classification of goods

For trade purposes, all goods are given a commodity code. These codes are harmonised globally at a six digit level, specified in the Harmonised System (HS). The UK will continue to use this basic system, whatever the Brexit outcome.

Within the EU (and many other countries), additional granularity in terms of product analysis is obtained by adding a further 2 digits. These codes (and the MFN duties applicable to imports), are set out in the Combined Nomenclature (CN) . They apply to both imports and exports. The UK has said that it will also apply these codes initially. However, unless we remain in the Customs Union, the UK will publish its own tariff schedule, which could in the longer term deviate from the EU's at the 8-digit level.

For imports, the EU also adds a further two digits to allow for the classification of goods additionally by country of origin. This is necessary for example to identify goods from countries with preferential trade agreements. These are set out in the TARIC - the Integrated Tariff of the EU . Although the UK's intention is to apply this same system immediately after leaving, unless we remain in the Customs Union the UK's codes at this 10-digit level will quite rapidly start deviating from the EU's, as it is unlikely that we will have exactly the same set of preferential trade agreements. Members are advised to rely on the UK's own tariff schedule for all imports and exports after 29 March - as soon as this is published.

The TARIC also specifies further 4-digit additions to the codes that relate to anti-dumping and similar measures. The UK's will differ from the EU's – see "Trade remedies" in the main section.

ANNEX 2

EU/UK MFN tariffs on selected steel and steel-related products

Tariff heading	Description	Tariff rate
2601	Iron ore	Zero
2701	Coking coal	Zero
2704	Coke	Zero
7201	Pig iron	Zero to 2.2 %
7202	Ferro-alloys	Zero to 7 %
7203	Directly reduced iron	Zero
7204	Scrap	Zero
7205	Iron/steel granules & powders	Zero
7206 – 7207 7218 7224	Ingots and semis	Zero
7208 – 7216 7219 – 7222 7225 – 7228	Rolled steel products	Zero
7217, 7223, 7229	Wire	Zero
7302	Rails	Zero
7303	Cast iron tubes	3.2 %
7304 – 7306	Steel tubes	Zero
7307	Tube fittings	Generally 3.7 %
7312	Wire rope	Zero
7325	Steel castings	2.7 %
7326	Steel forgings	2.7 %
8417	Furnaces	1.7 %
8426, 8428	Cranes, handling machinery	Zero
8427	Fork lift trucks etc	4.5 %
8454	Converters, casting equipment, moulds	1.7 %
8455	Rolling mills and rolls	2.7 %

ANNEX 3

Analysis of EU trade agreements

Note that all comments concerning the level or phasing of duties relate to duties on UK Steel member products imported into the country/region. Unless otherwise stated, if the status is given as “in force”, then import duties on UK Steel members’ products have already been eliminated.

Country/region	Year	Type	European parties	Status
AGREEMENTS PROVIDING FOR FREE TRADE IN BOTH DIRECTIONS				
Albania	2009	Stabilisation and Association Agreement	EC and each MS	In force
Algeria	2005	Association Agreement	EC and each MS	In force
Andorra	1991	Customs Union	EEC	In force
Bosnia and Herzegovina	2015	Stabilisation and Association Agreement	EC and each MS	In force
Cameroon	2009	Interim Economic Partnership Agreement	EC and each MS	Provisionally applied since 2014. Duties on some products already ended, others to be phased out by 2021.
Canada	2016	Comprehensive Economic and Trade Agreement (CETA)	EU and each MS	Provisionally applied since 2017. Steel duties were already zero. §
CARIFORUM (Antigua & Barbados, Bahamas, Barbados, Belize, Dominica, Dominican Rep, Grenada, Guyana, Haiti, Jamaica, St Kitts & Nevis, St Lucia, St Vincent & the Grenadines, Suriname, Trinidad & Tobago)	2008	Economic and Partnership Agreement	EC and each MS	Provisional application, awaiting ratification by Haiti. Duties on some products already ended, others are being phased out at varying rates.

Country/region	Year	Type	European parties	Status
Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama)	2012	Association Agreement	EU and each MS	Provisionally applied since 2013. Duties being phased out at varying rates, with completion due in 2028.
Chile	2005	Association Agreement	EC and each MS	In force
Colombia & Peru	2012	Trade Agreement	EU and each MS	Provisionally applied since 2013. Duties being phased out at varying rates, with completion due in 2024.
Ecuador	2015	Adds Ecuador to Colombia & Peru Agreement	EU and each MS	Provisionally applied. Duties being phased out at varying rates, with completion due in 2026.
Egypt	2004	Association Agreement	EC and each MS	In force
Eastern and Southern Africa (Comoros, Djibouti, Eritrea, Ethiopia, Madagascar, Mauritius, the Seychelles, Sudan, Zambia, Zimbabwe)	2009	Economic Partnership Agreement	EC and each MS	Signed 2009, provisionally applied for some countries only. Phasing of duty elimination varies by product and country.
Faroe Islands	1997	Agreement	EEC and Denmark	In force
Fiji and Papua New Guinea	2011	Interim Partnership Agreement	EC	Provisionally applied since 2014. Awaiting ratification by Fiji. Duties will be eliminated annually over 10 to 15 years.
FYRO Macedonia	2004	Stabilisation and Association Agreement	EC and each MS	In force
Georgia	2016	Association Agreement and Deep & Comprehensive Free Trade Area	EU and each MS	In force
Iceland	1973	Free Trade Agreement*	EEC	In force

Country/region	Year	Type	European parties	Status
Israel	2000	Association Agreement	EC and each MS	In force
Jordan	2002	Association Agreement	EC and each MS	In force
Kosovo	2016	Stabilisation and Association Agreement	EU	In force. Duties being phased out up to 2026.
Lebanon	2006	Association Agreement	EC and each MS	In force
Mexico	2000	Economic Partnership, Political Coordination and Cooperation Agreement	EC and each MS	In force
Moldova	2016	Association Agreement and Deep & Comprehensive Free Trade Area	EU and each MS	In force
Montenegro	2010	Stabilisation and Association Agreement	EC and each MS	In force
Morocco	2000	Association Agreement	EC and each MS	In force
Norway	1973	Free Trade Agreement*	EEC	In force
Palestinian Authority	1997	Interim Association Agreement	EC	In force
San Marino	1992	Customs Union	EEC	In force
Serbia	2013	Stabilisation and Association Agreement	EC and each MS	In force
South Africa	2000	Trade, Development and Co-operation Agreement	EC and each MS	Now in South African Development Community agreement
South African Development Community (Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland)	2018	Economic Partnership Agreement	EU and each MS	In force for some countries, provisional application for others. Phasing of duty elimination varies by product and country.

Country/region	Year	Type	European parties	Status
South Korea	2016	New Generation Free Trade Agreement	EU and each MS	In force. Steel duties were already zero. §
Switzerland	1973	Free Trade Agreement +	EEC	In force
Tunisia	1998	Association Agreement	EC and each MS	In force
Turkey	1995	Customs Union ‡	EEC	In force
Ukraine	2014	Association Agreement and Deep & Comprehensive Free Trade Area	EU and each MS	Provisionally applied since 2016. Steel duties were already zero. §
West Africa (Côte d'Ivoire, Ghana)	2016	Economic Partnership Agreement	EU and each MS	Provisionally applied. Duties being phased out at varying rates, with completion due in 2022.
OTHER AGREEMENTS				
Armenia	1999	Partnership and Cooperation Agreement	EC and each MS	In force
Cuba	2017	Political Dialogue and Cooperation Agreement	EC and each MS	Provisionally applied
Iraq	2012	Partnership and Cooperation Agreement	EU and each MS	Provisionally applied since 2012
Kazakhstan	1999	Partnership and Cooperation Agreement	EC and each MS	Provisionally applied since 2016
Russia	1997	Partnership and Cooperation Agreement	EU and each MS	In force
Syria	1977	Cooperation Agreement	EEC and each MS	In force. Duties were eliminated for Syrian sales into EU, not for EU sales into Syria. Agreement now partially suspended.

§ Relates to countries who apply the zero-for-zero deal on steel products. This applies to all members' products other than cast iron tubes, tube fittings, steel castings and steel forgings.

* Norway's and Iceland's FTAs have been subsumed into the European Economic Area since 1994. The EEA agreements are co-signed by all individual Member States.

+ Switzerland also has multiple agreements with the EU on various aspects of the Single Market.

‡ The EU/Turkey Customs Union agreement does not apply to the former European Coal and Steel Community.

Instead there is a Free Trade Agreement between the EU and Turkey. For the purposes of this guidance document, this distinction makes no practical difference.

Annex 4

Existing EU trade remedies measures

Case and type of measure	Target countries	Case history	Product Identified as being produced in UK?	UK Government plan to terminate or maintain measure?
Cold-rolled flat steel products (AD)	China, Russia	Definitive measures imposed 29/7/16. Due to expire 4/8/21.	Yes	Maintain
Corrosion-resistant steel (AD)	China (investigation ongoing)	Investigation opened 9/12/16. Provisional measures imposed 9/8/17, definitive measures by 9/2/18.	Yes	Maintain
Grain-oriented flat-rolled products of electrical steel (GOES) (AD)	Brazil, Japan, Korea, Russia, USA	Definitive measures imposed 29/10/15. Due to expire 30/10/20	Yes	Maintain
Heavy (quarto) plate (AD)	China	Definitive measures imposed 27/2/17. Due to expire 28/2/22.	Yes	Maintain
Hot-rolled flat products of iron, non-alloy or other alloy steel (AD)	Brazil, Iran, Russia, Serbia, Ukraine (investigation ongoing)	Investigation opened 7/7/16. No provisional measures imposed. Definitive measures imposed on Brazil, Iran, Russia and Ukraine, and investigation terminated re Serbia, 5/10/17.	Yes	Maintain
Hot-rolled flat products of iron, non-alloy or other alloy steel (AD)	China	Investigation opened 13/2/16. Definitive measures imposed 5/4/17 and amended 9/6/17. Due to expire 6/4/22.	Yes	Maintain
Hot-rolled flat products of iron, non-alloy or other alloy steel (AS)	China	Investigation opened 13/5/16. Definitive measures imposed 9/6/17. Due to expire 9/6/22.	Yes	Maintain
Organic coated steel (AD)	China	Definitive AD and AS measures imposed 11/3/13. Due to expire 15/3/18	Yes	Maintain
Organic coated steel (AS)	China	Definitive AD and AS measures imposed 11/3/13. Due to expire 15/3/18	Yes	Maintain

Case and type of measure	Target countries	Case history	Product Identified as being produced in UK?	UK Government plan to terminate or maintain measure?
PSC wires and strands (AD)	China	Definitive measures imposed 5/5/09. Renewed 4/6/15. Due to expire 6/6/20.	Yes	Maintain
Rebar (AD)	Belarus	Definitive measures imposed 16/6/17. Due to expire 17/6/22.	No	Terminate
Rebar (high fatigue performance steel concrete reinforcement bars (AD)	China	Definitive measures imposed 28/7/16. Due to expire 29/7/21.	Yes	Maintain
Seamless pipes and tubes (large (exceeding 406.4mm)) (AD)	China	Definitive measures imposed 11/5/17. Due to expire 12/5/22.	No	Terminate
Seamless pipes and tubes of iron or steel (AD)	China	Definitive measures imposed 24/9/09. Renewed 7/12/15. Due to expire 9/12/20.	No	Terminate
Seamless pipes and tubes of iron or steel (AD)	Russia, Ukraine	Definitive measures imposed 27/6/06. Renewed 26/6/12. Expiry Review ongoing: 4/7/17 - 4/10/18.	No	Terminate
Seamless pipes and tubes of stainless steel (AD) (ER) (CV)	China, extension to India possible	Definitive measures imposed 14/12/11. Expiry Review ongoing: 10/12/16 – 10/03/18. Circumvention investigation re India terminated 15/11/17.	No	Terminate
Stainless steel bars and rods (AS)	India	Definitive measures imposed 19/4/11. Renewed 27/6/17. Due to expire 28/6/22.	Yes	Maintain

Case and type of measure	Target countries	Case history	Product Identified as being produced in UK?	UK Government plan to terminate or maintain measure?
Stainless steel cold-rolled flat products (AD)	China, Taiwan	Definitive measures imposed 26/8/15. Anti-absorption investigation re Taiwan opened 11/8/16 but terminated 10/4/17. Due to expire 28/8/20.	No	Terminate
Stainless steel tube and pipe butt-welding fittings (AD)	China, Taiwan	Opened 29/10/15. Definitive measures imposed 26/1/17. Due to expire 27/1/22.	No	Terminate
Stainless steel wires (AD)	India	Definitive AS measures imposed 2/9/13. Definitive AD measures imposed 5/11/13. AD measures amended 1/9/15 following antiabsorption investigation. Measures amended 8/2/17 following Interim Review. Due to expire 9/11/18.	No	Terminate
Stainless steel wires (AS)	India	Definitive AS measures imposed 2/9/13. Definitive AD measures imposed 5/11/13. AD measures amended 1/9/15 following antiabsorption investigation. Measures amended 8/2/17 following Interim Review. Due to expire 8/9/18.	No	Terminate
Steel (wire) ropes and cables (AD) (ER)	China, extended to Korea and Morocco	Definitive measures imposed 12/8/99. Extended to Morocco in 2004. Renewed 8/11/05. Extended to Korea in 2010. Renewed 27/1/12. Expiry Review ongoing: 8/2/17 – 8/5/18	Yes	Currently plan is for termination of measures, but UK Steel in discussions and is confident that it will be maintained.

Case and type of measure	Target countries	Case history	Product Identified as being produced in UK?	UK Government plan to terminate or maintain measure?
Tube and pipe fittings of iron or steel (AD)	China, as extended to Indonesia, Philippines, Sri Lanka, Taiwan	Definitive measures imposed 11/3/96. Extended to Taiwan in 2000. Renewed 2/6/03. Extended to Indonesia in 2004. Extended to Sri Lanka in 2004. Extended to Philippines in 2006. Renewed 27/8/09 and 27/10/15. Due to expire 29/10/20.	No	Terminate
Tube and pipe fittings of iron or steel (AD)	Korea, Malaysia	Definitive measures imposed 19/8/02. Renewed 13/10/08 and 2/12/14. Due to expire 4/12/19.	No	Terminate
Tube and pipe fittings of iron or steel (AD)	Russia, Turkey	Definitive measures imposed 17/1/13. Due to expire 30/1/18.	No	Terminate
Welded tubes and pipes of iron or non-alloy steel (AD)	Belarus, China, Russia	Definitive measures imposed 16/12/08. Measures renewed 26/1/15. Due to expire 28/1/20.	Yes	Maintain
Wire rod (AD)	China	Definitive measures imposed 27/7/09. Renewed 14/10/15. Due to expire 16/10/20.	Yes	Maintain

ANNEX 5

Glossary of abbreviations

AEO	Authorised Economic Operator. A type of quality assurance scheme underpinned by standards set by the World Customs Organisation. An AEO must demonstrate professional competence in the field of customs declarations and must have robust compliance systems in place. In return, an AEO benefits from being able to input directly into electronic customs systems, minimising the need for paper controls and border inspections.
BSI	British Standards Institution.
CEN	Comité Européen de Normalisation. One of the bodies recognised by the EU for agreeing EU harmonised standards, including for steel products.
CMA	The UK's Competition and Markets Authority.
CN	Combined Nomenclature. The EU's system for classifying goods for import and export purposes – at an 8-digit level.
CPR	Construction Products Regulation (Regulation (EU) No 305/2011)
EEA	European Economic Area. The Single Market covering the EU plus Norway, Iceland and Lichtenstein. The latter countries are not in the Customs Union.
EN	Euronorm. An EU harmonised standard.
EORI	Economic Operator Registration and Identification number. An EORI number is needed for all companies based in the EU who wish to import from or export to non-EU countries. It is also needed for non-EU companies selling into the EU. EU companies apply to the customs authority of the Member State in which they are based. Non-EU companies apply to the customs authority of the Member State to which they are first exporting.
FCA	Facilitated Customs Arrangement. The UK's proposals for minimising the customs controls on trade between the UK and EU.
FTA	Free trade agreement.
GDPR	General Data Protection Regulation.
GSP	Generalised System of Preferences. The EU system that gives preferential low or zero tariffs for imports from developing countries.
HS	Harmonised System. A globally agreed list of codes to classify goods for trade purposes, based on a 6-digit system.
IPR	Inward Processing Relief: Import duty and VAT is not paid on goods (e.g. raw materials or semi-finished products) imported for processing when the finished product is subsequently re-exported.
IED	Industrial Emissions Directive
ISO	International Organization for Standardization.
MAC	The government's Migration Advisory Committee.
MFN	Most Favoured Nation. Refers to a WTO member's standard import tariff, which it has committed to apply to imports from all WTO members with whom it does not have a special trading relationship, such as an FTA.

OPR	Outward Processing Relief: When goods are exported for processing and the finished good is then re-imported, import duty and VAT is only paid on the added value of the overseas processing – i.e. net of the value of the goods when initially exported.
REACH	Registration, Evaluation, Authorisation and restriction of Chemicals. The EU's regulatory regime for the production and use of chemical substances.
SAD	Single Administrative Document. A form used for customs declarations in the EU, Switzerland, Norway, Iceland, Turkey, Macedonia and Serbia, used for trade with non-EU countries and for the movement of non-EU goods within the EU.
TARIC	The Integrated Tariff of the EU. The EU's system for classifying goods for import purposes only – at a 10-digit level.
TRA	Trade Remedies Authority – the UK's new body with responsibility for trade remedies after Brexit.
UCC	Union Customs Code. A comprehensive framework for customs rules and procedures in the EU customs territory, including the use of digital solutions.



UK Steel is the trade association for the UK steel sector. As the voice of the steel industry, we interface with government and parliament – in both London and Brussels – to influence policy so that it underpins, rather than undermines, the long term success of our sector.

Membership of UK Steel is open to all UK-based companies and organisations involved in the production of steel and downstream processes.

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