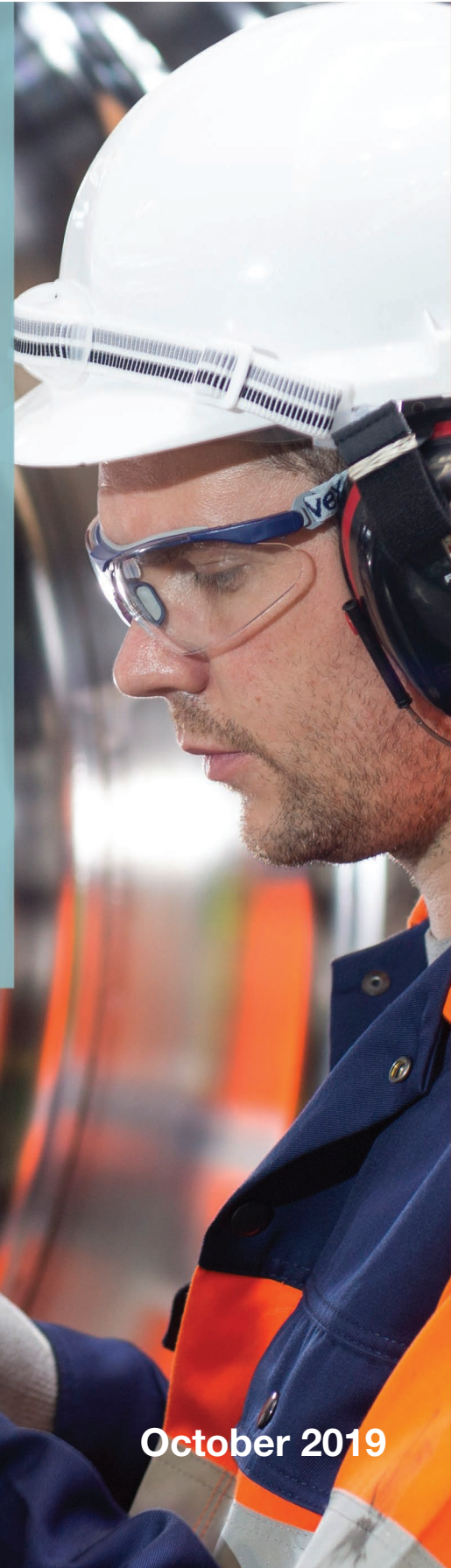


# PREPARING FOR A NO DEAL BREXIT: GUIDANCE FOR THE STEEL SECTOR



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# PREPARING FOR A NO DEAL BREXIT – GUIDANCE FOR UK STEEL MEMBERS

## INTRODUCTION

In October 2018 and June 2019 UK Steel produced guidance documents for members suggesting steps that they should consider taking in planning for the UK leaving the EU. The guidance was based on a range of various scenarios.

The final outcome remains uncertain, and leaving the EU without a deal remains possible. HM Government is keen to ensure that UK business are prepared for this outcome. The current guidance therefore focuses exclusively on advising members on how to adjust to a No Deal Brexit.

The advice is based on two key assumptions:

1. That in accordance with the European Union (Withdrawal) Act 2018, all EU law will automatically be written into the UK statute book on exit day, and will remain so until changed by subsequent legislation.
2. That HMRC will continue to operate in accordance with the rules and procedures laid out in the Union Customs Code, until such time as new UK-specific rules are promulgated.

The guidance focuses on the issues of most relevance to UK steel producers (hereafter referred to as ‘members’). Where helpful, the document includes examples of how a No Deal Brexit might impact specifically on steel. These are in green boxes.

There are some gaps in the written advice available from the government on how to deal with a No Deal Brexit. Where our guidance is based on one of the above assumptions, but we have been unable to locate any specific written confirmation from government, we flag up that there is a low degree of uncertainty in a yellow box.

In some cases there is a higher degree of uncertainty about the eventual outcome and/or there is a risk of a potentially damaging outcome. This is highlighted in a red box. 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 EEA, i.e. Norway, Iceland and Liechtenstein. The paper recommends issues that members need to address, and concludes with a checklist. 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 urgent thought, and to give some general guidance on the implications of a No Deal Brexit. **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.**

## TIMETABLE

The Prime Minister has stated that the UK will leave the EU on 31 October. At the time of writing it is uncertain whether this will be on the basis of a negotiated deal. Should the government secure an agreement with the EU, we will enter into a transition period and effectively nothing will change for business until at least the end of 2020. Alternatively, should the UK leave the EU without a deal in place on 31st October then the UK will immediately become a ‘third-country’ in EU regulatory and trade terms. It is therefore prudent for steel companies to ensure they have contingency plans in place to cope with a No Deal Brexit effective from 1 November.

It is not the purpose of this document to speculate on alternative scenarios: guidance on how to prepare for a possible negotiated withdrawal was provided in our June document.

## TARIFFS

A short guide to how goods are classified for tariff purposes, and the implications of Brexit, is attached as Annex 1. A separate Excel spreadsheet (Annex 2) also accompanies this document providing details on the tariff levels of UK steel exports to all key markets following Brexit, as well as UK import tariffs.

## PRINCIPLES

The UK is already a member of the WTO, albeit that its rights and obligations are currently pooled within the EU. After a No Deal Brexit the UK will revert to being a standalone member of the WTO. One of the guiding principles of the WTO is that all members are “bound” by tariff commitments they have entered into during earlier negotiations:

- These tariffs must be applied equally to all WTO members (known in WTO jargon as MFN<sup>1</sup>), apart from members with whom they have negotiated preferential trading relationships, such as a free trade agreement (FTA).
- Once a tariff has been “bound” it cannot be increased.
- Thus after Brexit the UK could opt to have lower tariffs than the EU (indeed it intends to for at least a year), but could not increase tariffs on any products beyond those already levied by the EU without entering into protracted negotiations with (all) WTO members and compensating them for trading losses.

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 tariffs on imports of these products into these countries will be unaffected by a No Deal Brexit. A summary of the EU tariffs applicable to members’ products and their principal inputs is at Annexes 2 & 3.

1. 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. Members are also allowed to have lower tariffs on imports from developing countries.

## IMPORTS INTO THE UK

Under a No Deal Brexit, imports into the UK from EU countries will be treated identically to imports from non-EU countries. Absent any other action, if the UK exited the EU without a deal it would simply assume under its own name the EU's existing "default" (MFN) tariff commitments for trade with non-EU countries - i.e. for countries not covered by FTAs.

However, in March the government published a schedule of the tariffs that it would temporarily apply in the case of a No Deal Brexit, which was marginally revised in October<sup>2</sup>. For all products of relevance to steel companies, with the exception of road vehicles, tariffs would be set at zero. (Tariffs on steel products are already zero – see above.) This means that tariffs on imports into the UK from both the EU 27 and from non-EU countries would be zero for most industrial products.

The government has not explicitly stated if these tariffs have been notified to the WTO as "bound" or "applied". The fact that they are described as "temporary", and that after Brexit the government would consult on the details of the UK's final tariff schedule, strongly suggest that they are merely a statement of what the UK intends to apply initially, and are not a binding commitment. If so, the government could subsequently raise its tariffs on industrial goods up to a maximum of the current levels charged by the EU. If they are bound tariffs, there would be no scope for subsequent (upward) revisions.

As the UK progressively develops its own trade policy after Brexit, tariffs on imports from countries with whom the UK has agreed an FTA will be set by the terms of that agreement.

## EXPORTS FROM THE UK TO EU(27)

After a No Deal Brexit, imports into the EU from the UK will be treated as third country imports. There will be no preferential trade agreement – at least initially – between the EU and UK. The EU's MFN tariffs will therefore be applied to goods from the UK. In the case of steel, this will still be zero. The tariffs applied to major steel containing goods are summarised in Annex 4<sup>3</sup>.

2. The Government's temporary tariff schedule if there is a no-deal Brexit is available at <https://www.gov.uk/government/publications/temporary-rates-of-customs-duty-on-imports-after-eu-exit>

3. You can check the EU's MFN tariffs on your customers' products in more detail via the WTO website: [http://stat.wto.org/idbdata/idb\\_eec\\_last\\_e.zip](http://stat.wto.org/idbdata/idb_eec_last_e.zip)

## IMPLICATIONS FOR UK STEEL COMPANIES' TRADE WITH THE EU

With steel tariffs continuing to be set at zero on both sides of the Channel, direct UK/EU trade in steel will be unaffected by the tariff-related aspects of a No Deal Brexit (notwithstanding the safeguard measures currently in place). The competitiveness of members' customers selling into the EU will however be impacted. Generally the loss of competitiveness will be of the order of 2% to 4%, but in some sectors, and particularly in the automotive sector, this loss will be far higher. Members will also be very aware that a host of other issues from customs, to regulatory standards, to rules of origin will impact on their ability to sell into the EU.

Members' customers will also be adversely affected by the asymmetrical nature of the UK government's own temporary tariff schedule. Apart from the automotive sector, UK manufacturers will have to compete against newly-tariff-free imports from many non-EU countries, while their own exports to these countries will still be faced with tariffs.

Members are advised to conduct a risk assessment across their customer base and consider what mitigation strategies might be workable and affordable.

## EXPORTS FROM THE UK TO NON-EU COUNTRIES

Tariffs applied by non-EU countries on UK-origin imports would be unaffected by a No Deal Brexit, apart from those countries where the EU has an FTA in place (see Annex 5) which the UK had not replicated. For these countries, tariffs would revert to their (higher) MFN rates. In the case of those developed countries with zero tariffs on steel, such as the US, Canada, Japan and Korea, these zero tariffs would of course continue to apply to the UK. Most countries, including 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.)

As the UK progressively negotiates its own FTAs, tariffs against the UK in these countries will be set at the lower level as laid out in that FTA.

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

## FREE TRADE AGREEMENTS

The EU has agreements in place, and either fully or partly in operation, with around 90 countries. An analysis of these agreements is at Annex 5. Negotiations are underway, and/or agreements are awaiting signature, with a further 40 plus, including India, China, Australia and New Zealand. Note that while most of these agreements are free trade agreements, some go further while others establish little more than a framework for political cooperation<sup>4</sup>.

Under a No Deal Brexit the UK will no longer be party to these FTAs. The government is however attempting to negotiate its own agreements with them. If the UK does not have an agreement in place on exit day, your exports to these countries will incur their full MFN duties until such time as an agreement is in place. 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%<sup>5</sup>.

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

5. A full list of Turkey's MFN tariffs can be found here: [http://stat.wto.org/idbdata/idb\\_tur\\_last\\_e.zip](http://stat.wto.org/idbdata/idb_tur_last_e.zip)

The UK has negotiated agreements with the following countries which are expected to immediately come into effect if we leave without an agreement. The government states that these replicate the EU's existing agreements with these countries. Texts of the agreements are not currently publicly available.

Andean countries (Colombia, Ecuador, Peru)	Trade agreement	
CARIFORUM (Antigua & Barbados, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St Kitts & Nevis, St Lucia, St Vincent & the Grenadines, Suriname, Trinidad & Tobago)	Economic Partnership Agreement	
Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama)	Trade agreement	
Chile	Association agreement	
Eastern and Southern Africa (Madagascar, Mauritius, Seychelles, Zimbabwe)	Economic Partnership Agreement	
Faroe Islands	Free Trade Agreement	
Iceland and Norway	Agreement on trade in goods	Replicates the trade effects of the EEA
Israel	Trade and partnership agreement	
Lebanon		No summary available
Liechtenstein	Trade agreement	
Fiji and Papua New Guinea	Economic Partnership Agreement	
Palestinian Authority	Political, trade and partnership agreement	
South Korea	Trade agreement	
Southern Africa Customs Union and Mozambique (Botswana, Eswatini (Swaziland), Lesotho, Mozambique, Namibia, South Africa)	Economic partnership agreement	Expected to be in place for exit day (agreement in principle)
Switzerland	Trade agreement	Covers trade aspects only.
Tunisia		No details available

Negotiations with a further 23 countries are continuing<sup>6</sup>.

6. Details on the progress of the UK's negotiations can be found here: <https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries-in-a-no-deal-brex-it>



**Risk to note:**

Turkey is one of the countries with which negotiations are underway. There is a specific issue affecting steel. EU/Turkey trade is covered by a Customs Union which does not include steel – this is covered by a separate EU/Turkey FTA. It is vital that in seeking to replicate the effects of the EU/Turkey Customs Union the UK should endeavour to include steel within the scope of any future agreement. If it does not, UK steel imported into Turkey will be subjected to high import tariffs, whereas Turkish steel imported into the UK will continue to enjoy zero tariffs. It should also be noted that due to Turkey’s customs union with the EU, the UK will not be able to enter any agreement with Turkey until after agreement has been reached on the UK and EU’s future trading relationship. Any agreement with Turkey will follow that agreed with the EU.

This is clearly a major area of uncertainty, and members are advised to assess their potential vulnerability to higher tariffs in those export markets where the UK has not yet replicated an EU FTA. Key markets of concern are Algeria, Egypt, Mexico, Morocco, and Turkey.

**INDIRECT IMPACTS ON STEEL TRADE**

However, even where the UK has negotiated its own FTA, there will be disruption affecting UK trade with the EU in steel and steel-containing goods. This is because customers in the EU who export goods to countries with which the EU has an FTA, and who thereby enjoy tariff-free access to those markets, may be reluctant to buy UK-origin steel or steel-containing goods if by so doing they would risk their own products no longer being classified as EU in origin.

Under a negotiated Brexit, it might have been possible for the UK and EU to have agreed a solution whereby UK-origin goods were treated as having EU-origin for the purposes of the EU’s FTAs, and vice versa for the UK’s FTAs (known as “diagonal cumulation”<sup>7</sup>). This will not happen under a No Deal Brexit.

Until the detailed texts of the UK’s new FTAs have been analysed it will not be possible to assess the full impact on members of transitioning out of an EU FTA and into a UK FTA.

One concern is that it is understood that UK has agreed with its FTA partners that EU origin goods would have originating status for the purposes of applying the UK’s FTAs. This would benefit for example UK OEMs who would be able to continue to use components manufactured in the EU and still qualify for preferential tariff treatment under the UK’s FTAs. However, on the assumption that the EU would not reciprocate (i.e. by allowing UK origin goods to qualify to have originating status under the EU’s FTAs) under a No Deal Brexit, it would be seriously prejudicial to the interests of UK component and material suppliers who would risk losing sales to EU OEMs.

This issue is dealt with in more detail under “Rules of Origin” below.

7. <https://trade.ec.europa.eu/tradehelp/cumulation>

# 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 EU<sup>8</sup>. The UK has stated that it will continue to give the same preferences after Brexit, and that the same procedures will apply if there is a No Deal Brexit. The main preference scheme is the Generalised System of Preferences<sup>9</sup>.

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

## TRADE REMEDIES

### ANTI-DUMPING AND ANTI-SUBSIDY CASES

Under a No Deal Brexit, the UK will take 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), has been established and would take over investigations immediately following our exit.

There are currently 25 measures in place at an EU level concerning steel products preventing the import of under-priced (dumped) and subsidised goods into the EU<sup>11</sup>. Of these, UK steel producers have a direct interest in 15 with production of the relevant steel products taking place in the UK. The government has already confirmed that it will transition over any measure relating to products being produced in the UK, and thus that all 15 UK steel related measures will be transitioned. Please see Annex 6 for a list of current EU measures and those planned to be transitioned.

To ensure WTO compliance, the Department for International Trade (DIT), has confirmed that it intends for the TRA to review all of the transitioned measures. These reviews can only take place once a Public Notice has been provided by the Secretary of State setting out officially how/when the transition of each measure will occur – in the case of a No Deal Brexit the Public Notices would transition measures with immediate effect.

The reviews will incorporate aspects of an expiry and interim review and all members producing the product in question will need to take part. UK Steel, with financial assistance from the government, is developing a training programme to assist members, and all members making one or more of the affected products are urged to participate.

The timing and ordering of the transition reviews will be determined by: the dates of expiry of the EU measures, the date at which the UK leaves the remit of the EU trade remedies regimes, and finally whether or not any parties, such as foreign exporters, request a review to be brought forward earlier than scheduled. Please see Annex 7 for a provisional timetable of the transition reviews.

8. 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](http://trade.ec.europa.eu/doclib/docs/2012/december/tradoc_150164.pdf)

10. Guidance on the UK's Generalised System of Preferences scheme is available here: <https://www.gov.uk/guidance/generalised-scheme-of-preferences-countries>

11. All measures currently in place can be found in the EU database here: <https://trade.ec.europa.eu/tdi/>

Under a No Deal Brexit, reviews would commence as soon as we exit from the EU assuming that the Trade Secretary has already published the necessary Public Notices in advance. If this happened on 31 October 2019, members could expect to just participate in reviews at a UK level, with key reviews in the first year again being the UK safeguards, Welded Tubes, PSC Wire, Wire Rod and GOES. The transitioned measures would all take immediate effect in advance of any reviews having taken place; this will make them more open to challenge.

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 complainants<sup>12</sup>. 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 and provide financial resources as required. 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. 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. Reviews on the four products previously noted could commence within the next 12 months and as such preparation will need to start soon. Again, the UK Steel training programme will assist members in preparing for this.

One final point to note on trade remedies is that after a No Deal Brexit the EU will be able to impose anti-dumping duties on imports from the UK, and vice versa.

## STEEL SAFEGUARDS

One major short term consideration with regards to trade remedies is the EU’s safeguard measures on steel products and the UK’s own measures the Government intends to implement after Brexit. The EU has imposed definitive measures on a large number of steel products<sup>13</sup> in the form of tariff rate quotas, expiring on 30 June 2021<sup>14</sup>. Note that safeguard measures do not cover all steel products – for example semis, or certain types of engineering bar. (A full list of products included within the safeguard measures can be found in Annex 2.)

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.

13. See most recent EU Implementing Regulation on Steel Safeguards: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0159&from=EN>

14. A tariff of 25% will be applied steel imports over and above the established quota levels. Major exporters have their own sub-quotas.

## IMPACT ON UK STEEL SALES TO THE EU

Under a No Deal Brexit, UK sales to the EU will be subject to the EU's safeguards. Under WTO rules, the total level of quotas will need to be adjusted to reflect the UK's new status as a third country, and importantly the UK must be allocated its own sub-quotas, commensurate with our traditional sales levels, for all products where those sales levels represent a "substantial interest". The EU has interpreted this "substantial interest" test as meaning an import share >5%. The EU should therefore establish a UK-specific sub-quota for any product where the UK's historical share of EU imports was greater than 5%.

However, there is no guarantee that the EU will move swiftly to make these adjustments to the quotas after a No Deal Brexit. Attempts to discuss this issue with the Commission have been rebuffed with it stating that nothing can be done until the details of Brexit become clear. Following pressure from other member states the Commission has included passing reference to the situation in the most recent version of the safeguards regulation stating that *"The Commission notes that at the stage of adoption of the adjustments under this review, the terms under which the United Kingdom will withdraw from the Union are still uncertain. Therefore, no adjustments related to the withdrawal of the United Kingdom from the Union can be made at this stage. The Commission will re-examine promptly the situation in view of any developments concerning Brexit."*

It is therefore likely that we will have to wait some time, perhaps until January or even April 2020 for our own tariff free quotas. In these circumstances UK exports would have to rely upon the 'residual' quotas in order to export tariff free to the EU, which are allocated on a "first come first served" basis. Once these are used up for each quarter all subsequent imports into the EU would be subject to 25% tariffs.

Members should familiarise themselves with the regulatory regime for importing into the EU under the safeguards regime. This section should be read in conjunction with the section on Customs procedures. Administration of the quotas is carried out using the normal import documentation: there is no need to apply for an import licence.

The default position is that the 25% duty will apply to all imports of the relevant products from the relevant countries of origin. However, if a quota "order number" is included in the documentation (in box 39 of the SAD) the Customs authority will determine if there is sufficient quota available to enable the goods to be imported duty free. The person responsible for making the declaration is either the party liable for paying the duty, or an agent appointed by that party. The current order numbers can be found in Annex IV of the Regulation<sup>15</sup>. However, these will change after the UK is included in the regime.

The volume being imported is checked against the remaining quota at the point that the imported goods are declared to the Customs authority in an EU Member State. The quota number declared on the entry documentation will determine which country sub-quota the goods are allocated against. An electronic system enables the Customs authority to check whether there is any quota remaining before releasing the goods for free circulation. If not, the goods will only be released for free circulation after payment of the 25% duty. If there is a risk that the quota is about to be exhausted, the Customs authority can require you to post a guarantee to cover any potential duty. The party liable for payment of the duty will be as specified in your sales contract – please see Annex 8 for a summary of which party is liable to pay import duty in accordance with Incoterms.

15. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0159&from=EN#page=37>

The Commission has an [on-line tool](#) against which it is possible to check how much quota is remaining in real time. It requires users to input the correct order number for each particular quota. UK Steel currently has access through Eurofer to weekly summaries of quota usage rates. Our aim is to retain access to this information after Brexit and keep members informed.

In theory Inward Processing Relief (see below) could be used by an EU steel-user to reclaim the 25% duty paid on out-of-quota steel imports when the processed end-goods are re-exported. Equally, Outward Processing Relief (see below) could in theory be used to ensure that any 25% duty charged on re-import of the processed goods is only levied on the value added by the overseas processing. IPR and OPR authorisation would however need to be applied for in advance, and the burdensome documentation requirements, when seen in the context of the normal duty level being zero, are unlikely to make this an attractive proposition for most EU steel users or UK Steel members. There appears to be no mechanism for adjusting quota utilisation volumes in respect of Inward or Outward Processing Relief operations.

Finally members should study carefully the [EU's non-preferential rules of origin](#) (see below) to determine whether or not their products (or some of them) will be subject to the safeguard measures. Whilst steel products wholly manufactured in the UK will certainly be subject to the measures, for those members that import EU steel materials for processing in the UK and then export – they may find the processing that takes place in the UK may not be sufficient to confer UK origin. In these circumstances the steel product would remain of EU origin and could be exported to the EU tariff free. Members wishing to take advantage of this, would need to make sure they had the correct document (origin certificates) available to prove origin at EU customs.

## **IMPACT ON EU STEEL SALES INTO THE UK**

If the UK leaves the EU without a deal on 31 October, the UK government will transition the EU steel safeguards, establishing a UK version of these measures from 1 November. In these circumstances, under a No Deal Brexit, imports into the UK from the EU will become subject to the UK's tariff rate quotas alongside imports from non-EU countries.

UK Steel has already confirmed with DIT the product coverage and methodology for the establishment of quota size, an estimate of which is provided at Annex 2. Note however that there are outstanding UK Steel concerns about the levels of each quota. In particular UK Steel is seeking to have quota levels adjusted to reflect the above average levels of imports seen since July 2019 (the start of the safeguards year) – to not reflect this would see much higher levels of imports come into the UK between July 2019 to July 2020 (the 2nd year of safeguard measures) then the measures are intended to allow. The TRA has already confirmed that the safeguard measures would be the top priority for a transition review.

Note again, that IPR/OPR could be used to provide some relief from safeguard tariffs (i.e. only once quotas have been used) for those companies that are bringing steel products back and forth between the UK and EU for processing.

## 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): The payment of import duty and VAT can be suspended 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 burdensome<sup>16</sup>. Nevertheless after a No Deal Brexit IPR and OPR could be used to reduce the tariff burdens on trade between the UK and EU, and thus help offset the hit to UK manufacturing competitiveness.

- After a No Deal Brexit, the UK will be classified as a third country, and therefore EU companies will be able to obtain tariff reliefs on transactions with the UK.
- Likewise, EU countries will be classified as third countries by the UK, and therefore UK companies will be able to obtain tariff reliefs on transactions with the EU.

The government has not explicitly stated in the guidance documents so far issued that it will continue to apply these regimes after exit. However its Brexit guidance continues to point towards them which strongly suggests that the government intends to maintain these schemes within the UK. The procedures and documentary requirements could however change in the longer term.

However, the government's temporary tariff schedule effectively makes IPR/OPR redundant for the UK, because for nearly all industrial products there would be no UK import duties from which to obtain relief. Only if after review the UK subsequently re-imposes import duties (at for example the EU levels) would IPR/OPR become useful within the UK.

Although the direct impact on steel companies would be limited (because other than during the current temporary safeguards regime tariffs will remain set at zero in both directions), IPR/OPR could assume greater importance for steel-consuming companies selling into the EU.

16. 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>. Note that these guidance notes are written in the context of the UK being within the EU and haven't been updated for Brexit yet.

**EXAMPLE 1** A UK steelmaker importing ferro-alloys from an EU country could avoid 7% import duties under the UK IPR scheme when those materials are re-exported in steel products to any country, including the EU. **This would only apply if the UK were to reintroduce tariffs at say EU levels.**

**EXAMPLE 2** A UK bright bar producer sells to a UK fasteners manufacturer. The fasteners manufacturer sells to a German component manufacturer, who pays 3.7% import duties on those fasteners. The components are then sold to a UK car maker. The component manufacturer could save the 3.7% duty on all components sold to the UK (or any other non-EU market) under the EU's IPR scheme.

**EXAMPLE 3** A German carmaker with an assembly line in the UK could offset the value of all the EU-origin components he sent to the UK against the value of the cars imported back into the EU for the purposes of calculating EU import duties, under the EU's OPR scheme.

Although not currently of direct benefit to UK steel companies, members could consider the scope for working with their customers to help safeguard UK/EU supply chains.

# RULES OF ORIGIN

## PRINCIPLES

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 be defined by reference to changes in the products' tariff headings; or it may relate to the percentage of the total value of a product accounted for by non-originating (i.e. imported) components – and this methodology typically applies to complex, assembled products. For example, in the recent EU/Canada FTA, for a motor vehicle to be exported tariff free between the EU and Canada, at least 50%, by value, of the components and processing must originate or take place in either the EU or Canada.

## TRADE BETWEEN THE UK AND EU

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 we make is EU-origin. The EU's “[non-preferential rules of origin](#)<sup>17</sup>” are used to determine the origin of a product for the purposes of anti-dumping, **safeguards**, trade statistics and the administration of quota systems (amongst other things); and for assessing import duty on EU imports from all countries where there are no preferential trade arrangements in place (such as an FTA).

After a No Deal Brexit, the UK would become a third country, with no preferential trade agreement – at least in the short term – and therefore the non-preferential rules would apply to all aspects of the EU's trade with the UK.

For steel products, the non-preferential EU rule<sup>18</sup> is generally that a change in 4-digit tariff code is sufficient to change a product's origin, except that cold rolling and/or cladding (but not coating or plating) can also change a product's origin.

In cases of doubt, it is possible to obtain a binding [EU decision on origin](#). In the case of UK Steel members wishing to sell into the EU post-Brexit, this decision can be obtained from the “competent authorities” of the Member State to which the export is being made<sup>19</sup>. Given the generally unambiguous nature of the steel rules however this should not be necessary.

The UK has said it will follow the EU's non-preferential rules of origin after Brexit and has published these on the [gov.uk website](#)<sup>20</sup>.

17. General guidance on the EU's non-preferential rules of origin can be found here:

[https://ec.europa.eu/taxation\\_customs/business/calculation-customs-duties/rules-origin/nonpreferential-origin/introduction\\_en](https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/nonpreferential-origin/introduction_en)

18. The specific steel rules are here: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R2446&from=GA#page=322>. (Annex 22-01 starting from page 322.) The abbreviations used are:

CTH = change in 4-digit tariff heading.

CTHS = change in 6-digit tariff sub-heading.

19. Commission guidance on obtaining a Binding Origin Information decision is available here: <https://trade.ec.europa.eu/tradehelp/binding-origin-information-boi>

20. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/785844/Rules-Origin-reference-document.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/785844/Rules-Origin-reference-document.pdf)



The government has issued guidance on how to provide proof of origin after a No Deal Brexit<sup>21</sup>.

Example of operation of the EU’s non-preferential rules of origin		
Process	Currently	After a No Deal Brexit
Russian slab rolled into HR coil in UK (7207 to 7208)	EU origin	UK origin
The same HR coil then cut to length in Belgium (7208 26 to 7208 53)	EU origin	UK origin
Alternatively, the same HR coil made into a tube in Italy (7208 to 7306)	EU origin	EU origin

Given that steel tariffs will remain at zero, this change will not have any direct impact on members with regards to standard customs tariffs, but will have indirect impacts on the choices that steel consumers make. These are summarised under “risks” below. **Note however, that whilst the EU’s steel safeguard measures remain in place these rules could make a difference as to whether your exports are subject to quotas and tariffs.**

### TRADE WITH COUNTRIES WITH FTAS WITH THE EU

Each of the EU’s FTAs has its own set of rules of origin, with many variances, which are used to determine if an imported good qualifies for tariff-free treatment within that particular FTA. For example, under the EU/Canada FTA, an EU export can only qualify for preferential tariff treatment on importation into Canada if that good can be classified as having EU origin in accordance with detailed rules set out in the agreement (and of course, vice versa).

UK Steel has prepared a summary of the rules of origin applying to steel-containing goods that are contained within 15 of the EU’s more significant FTAs. This is attached as Annex 8.

### TRADE WITH COUNTRIES WITH FTAS WITH THE UK

As previously stated, it is the government’s intention to replicate as many as possible of the EU’s FTAs. The 16 agreements that are expected to come into effect immediately after a No Deal Brexit are listed on page 7.

We do not at the present have any explicit information on the rules of origin contained within the UK’s new FTAs. However, given the immense complexity involved in agreeing new rules of origin, our working assumption is that the UK’s agreements will simply replicate the rules in the EU’s agreements, albeit with an attempt to ensure that EU material/components also count as UK origin. If this is so, then the analysis at Annex 8 will also apply to the UK’s FTAs – i.e. this annex should for the time being be assumed to summarise the amount of work to an imported product in the UK needed for it to acquire UK origin and thereby qualify for tariff-free treatment under the terms of certain of the UK’s new FTAs. As the UK Government starts to negotiate brand new FTAs (for example with Australia, US, New Zealand) it will need to propose its own approach to rules of origin and UK Steel has already provided a view as to the direction in which it should take with regards to steel products.

21. Government guidance on how to provide proof of origin after a No Deal Brexit: <https://www.gov.uk/guidance/proof-of-origin-trade-continuity-agreements-and-gsp>

## “DIAGONAL CUMULATION”<sup>22</sup>

As previously stated, if there is a No Deal Brexit we judge that it is highly unlikely that the EU would have any desire to seek agreement with each of its FTA partners to the effect that UK origin products would count as having EU origin for the purposes of obtaining the tariff reliefs contained in those agreements.

One concern however is that the UK is proposing that EU origin products would count as having UK origin for the purposes of obtaining the tariff reliefs contained in the UK’s transitioned agreements. An asymmetric arrangement of this sort would be damaging to large segments of UK manufacturing, encouraging the export of EU goods to the UK while penalising the export of UK origin goods to the EU.

## RISKS

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.

In many instances, these risks are overstated. Nevertheless there is evidence that the complexity of the rules and risk aversion is leading to continental steel consumers playing safe and moving away from UK suppliers.

Unfortunately there is little that members can do directly to mitigate these risks, but mapping of supply chains and discussions with customers now could help more accurately pinpoint risk and impact. To assist in this, UK Steel has produced a summary of the rules of origin affecting steel-containing products contained in some of the key EU FTAs. This is replicated at Annex 9.

22. <https://trade.ec.europa.eu/tradehelp/cumulation>

Importantly, for many products and components, “originating status” can be obtained if the product being made is classified under a different 4-digit tariff heading from its feedstock. Where this applies EU manufacturers can confidently use UK-origin steel and components without putting at risk the EU origin of their end product. Furthermore, once a component has acquired EU origin, 100% of the value of that component is assumed to be of EU origin when assembled into an end product. For example UK produced steel used to manufacture an engine component in France would obtain EU origin. If it was then used in a car manufactured in Germany, 100% of that component would be considered of EU origin for the purposes of assessing what percentage of the final car was of EU origin.

## 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 No Deal Brexit, items that currently need a licence for exporting to third countries but don’t for the EU would also need a licence for exporting to the EU. The government has introduced a new simplified procedure relating to the export of dual use goods<sup>23</sup>.

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.

## CUSTOMS PROCEDURES

The government’s stated objective, even under a No Deal Brexit, would be to ensure that trade between the UK and EU was as “frictionless” as possible, thereby minimising the administrative burdens and the time taken to process trade flows at the border.

While this means that the UK will as far as possible facilitate the flow of goods at its border (e.g. goods entering or leaving Dover), the same cannot be said of the EU. After a No Deal Brexit (and pending the eventual negotiation of a future UK/EU trade deal), it will treat trade with the UK at the EU border (e.g. goods entering or leaving Calais) with the same rigour as for any other third country. This will inevitably result in severe delays for goods leaving the EU destined for the UK, and for UK goods entering the EU.

Although we have seen no written confirmation of this, it is assumed that immediately after exit the UK will continue to apply the same rules and procedures as set out in the Union Customs Code (UCC)<sup>24</sup>.

23. The government’s technical guidance on export controls in the event of a No Deal Brexit, including how to register for the simplified procedure, is available here: <https://www.gov.uk/guidance/exporting-controlledgoods-after-eu-exit>.

24. EU guidance on the UCC can be found here: [https://ec.europa.eu/taxation\\_customs/business/union-customs-code\\_en](https://ec.europa.eu/taxation_customs/business/union-customs-code_en).

Practical issues members need to start addressing include:

## PRINCIPLES

Conceptually there are three parties involved in any transaction to import into the EU:

1. *Exporter*: the party in the non-EU country (e.g. the manufacturer or trader) responsible for shipping the goods to the EU.
2. *Consignee*: the party who will have ownership of the goods once they are customs cleared for free circulation in the EU, and who thereby is responsible for paying the import duties. This will be determined by the Incoterm (see Annex 8) that was contractually agreed, e.g. if FOB the buyer will be the consignee, whereas if DDP the seller will be the consignee. The consignee must have an EU EORI number – (see below).
3. *Declarant* (also known as importer of record): the party responsible for completing the EU customs declaration and ensuring the accuracy of e.g. the tariff heading, value of the goods and country of origin declared, and the authenticity of the documentation. The consignee may also be the declarant, or the consignee may appoint a representative such as the logistics company or a customs broker.

In intra-company transactions, obviously the same company will be both exporter and consignee. The same principles will apply to importing into the UK from the EU after Brexit.

## TRADING WITH NON-EU COUNTRIES

If you already import from or export to non-EU countries, then in principle little will change for these transactions after Brexit, except that you need to check that your EORI number is prefixed with “GB” – see next item. You will already be familiar with the procedures.

## ECONOMIC OPERATOR REGISTRATION AND IDENTIFICATION NUMBERS

An Economic Operator Registration and Identification (EORI<sup>25</sup>) 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. EORI numbers are 12 digits long and include your VAT number. However:
- After a No Deal Brexit there will be two separate EORI systems. The UK will introduce its own EORI system, but EORIs issued by the UK will no longer be valid in the EU and vice versa.

25. 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](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>.

- UK companies wishing to import into the UK or export from the UK will need an EORI number with a GB prefix. This applies to trade with both EU and non-EU countries. The government has automatically allocated EORI numbers to 88,000 VAT registered companies across the UK that HMRC know trade with the EU. If however you do not yet have a GB EORI number you can [apply here](#) (this will take you to the Government Gateway portal – you will need to register if your company does not have a Government Gateway user ID). You will need:
  - o Your VAT number and effective date of registration - these are on your VAT registration certificate.
  - o Unique Taxpayer Reference (UTR) - [find your UTR](#) if you do not know it.
  - o Your business start date and Standard Industrial Classification (SIC) code - these are in the [Companies House register](#).
  - o Government Gateway user ID and password.
- If you wish to import into the EU, either:
  - o If you are going to be the *consignee*, you will need to have an EU EORI number. Apply to the Customs authorities in any Member State.
  - o If your customer (or anyone else) is going to be the *consignee*, they will need an EU EORI number.

## CUSTOMS DOCUMENTATION – IMPORTING INTO THE UK

- If you expect a relatively small number of transactions, it will probably be more cost-effective to use a freight forwarder or customs agent as *declarant*<sup>26</sup>.
- If you intend to handle the documentation (i.e. act as the *declarant*) yourself, you will need a Customs Handling of Import and Export Freight (CHIEF) badge<sup>27</sup>. You can apply<sup>28</sup> for a CHIEF badge [here](#).
- In the case of imports from the EU, HMRC will introduce transitional simplified procedures<sup>29</sup> in the event of a No Deal Brexit. These will enable you to delay:
  - o submitting your full declaration by letting you submit less information at the time the goods enter the UK;
  - o paying import duties and VAT.

You need to register in advance<sup>30</sup>. HMRC have undertaken to give at least 12 months notice of any intention to withdraw these transitional measures. The measures do not apply to imports from non-EU countries.

26. Basic HMRC advice on using a third party to complete Customs formalities can be found here:

<https://www.gov.uk/guidance/appoint-someone-to-deal-with-customs-on-your-behalf?step-by-step-nav=db1149f5-f60a-4d02-be0c-9c9db2828665>

27. Limited guidance on import documentation is available here:

<https://www.gov.uk/guidance/customs-declarations-for-goods-brought-into-the-eu?step-by-step-nav=db1149f5-f60a-4d02-be0c-9c9db2828665>. Note: this guidance is entitled “Customs declarations for goods brought into the EU”, but was written from the perspective of the UK being part of the EU, and therefore applies equally to goods brought into the UK after Brexit.

28. You can apply for access to CHIEF here: <https://www.gov.uk/government/publications/import-and-export-request-for-chief-access-c1800>

29. For more advice on transitional simplified procedures for imports from the EU see: <https://www.gov.uk/guidance/transitional-simplified-procedures>

30. You can register for transitional simplified procedures here:

<https://www.gov.uk/guidance/register-for-simplified-import-procedures-if-the-uk-leaves-the-eu-without-a-deal>

- With respect to imports from the EU, the customs declarations within the EU relating to the export of the goods should be filed by the *exporter* or his/her agent.

## TRANSITIONAL SIMPLIFIED PROCEDURES:

HMRC has introduced transitional simplified procedures (TSP) for those business that import from the EU after Brexit. Using these simplified customs procedures to import goods from the EU will allow businesses to delay submitting a full customs declaration (instead requiring a more basic declaration at the time of entry) and delay paying import duties and VAT.

As of 15 October HMRC has automatically enrolled any UK VAT registered business that imported from the EU during 2018 for TSP. As such all members should have now received a letter to this effect and can now opt to delay making full import declarations, or customs and VAT payments on EU imports until May 2020. If members have not received a letter informing them of this, and have not previously registered for TSP, they can do so [here](#).

## CUSTOMS DOCUMENTATION – EXPORTING TO THE EU

For UK export formalities:

- If you expect a relatively small number of transactions, it will probably be more cost-effective to use a freight forwarder or customs agent to handle all the formalities<sup>31</sup>.
- If you decide to handle the formalities yourself, customs declarations are normally filed electronically through HMRC's National Export System (NES) for which you will need to register<sup>32</sup>.
- To use the NES you will also need Customs Handling of Import and Export Freight (CHIEF) badge<sup>33</sup>. You can apply<sup>34</sup> for a CHIEF badge [here](#).

For EU import formalities: Customs declarations within the EU relating to the import of the goods from you will be filed by the *declarant*, i.e. either the *consignee* or his/her agent. Remember that if you are selling on terms that require you to pay any import duty, you will be the *consignee*.

## COMMON TRANSIT CONVENTION

The Common Transit Convention (CTC)<sup>35</sup> allows imported and exported goods to flow across international borders without the payment of duties until they reach their final destination. The Convention covers the EU, EFTA, Macedonia, Serbia and Turkey. The UK has negotiated membership in its own right to take effect after Brexit.

31. Basic HMRC advice on using a third party to complete Customs formalities can be found here: <https://www.gov.uk/guidance/appoint-someone-to-deal-with-customs-on-your-behalf?step-by-step-nav=db1149f5-f60a-4d02-be0c-9c9db2828665>

32. Advice on registering for the National Export System is available here: <https://www.gov.uk/guidance/export-declarations-and-the-national-export-system-export-procedures>

33. Limited guidance on import documentation is available here: <https://www.gov.uk/guidance/customs-declarations-for-goods-brought-into-the-eu?step-by-step-nav=db1149f5-f60a-4d02-be0c-9c9db2828665>. Note: this guidance is entitled "Customs declarations for goods brought into the EU", but was written from the perspective of the UK being part of the EU, and therefore applies equally to goods brought into the UK after Brexit.

34. You can apply for access to CHIEF here: <https://www.gov.uk/government/publications/import-and-export-request-for-chief-access-c1800>

35. Guidance on how to take advantage of the Common Transit Convention: <https://www.gov.uk/guidance/how-to-move-goods-between-or-through-common-transit-countries-including-the-eu>

36. EU guidance on the SAD is available here: [https://ec.europa.eu/taxation\\_customs/business/customs-procedures/general-overview/single-administrative-document-sad\\_en](https://ec.europa.eu/taxation_customs/business/customs-procedures/general-overview/single-administrative-document-sad_en)

37. "EU" in this context includes EFTA, Turkey and the Republic of North Macedonia.

38. 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.

## SINGLE ADMINISTRATIVE DOCUMENT

The Single Administrative Document (SAD)<sup>36</sup>, is the name given to the document used by EU authorities to register and control imports and exports. As explained above, this information is usually filed electronically, but the paper SAD can be used when systems are down. It is currently used for EU<sup>37</sup> trade with third countries. **After Brexit it would also be used by EU companies exporting to or importing from the UK; and for UK goods in transit through EU countries<sup>38</sup>.**

## AUTHORISED ECONOMIC OPERATOR

Authorised Economic Operator (AEO) status is a type of quality assurance scheme underpinned by standards set by the World Customs Organisation. The EU has an AEO scheme<sup>39</sup>. 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 countries<sup>40</sup>. **After a No Deal Brexit the EU will not recognise UK AEOs, although mutual recognition could eventually be agreed.**

Until mutual recognition is achieved, AEO status will still facilitate compliance at the UK border. Members who import or export significant volumes could consider applying for AEO status in the UK<sup>41</sup>, however, the government's advice is that "most businesses will find that the registration for transitional simplified procedures is the best option for preparing for a no-deal Brexit". In this case, we would suggest that members consider using a customs broker or logistics company with AEO status.

## ROAD FREIGHT

While the UK authorities will attempt to make the flow of goods through British ports as smooth as possible, EU Member State authorities could be punctilious in enforcing against British hauliers the more onerous rules applying to freight from non-EU countries.

Many member companies will outsource their transport requirements. While it is expected that the large logistics companies will be conversant with the new documentary requirements, smaller companies may not be. Members are advised to check that their freight providers will be fully prepared for driving into and within the EU by 31 October.

Members who use their own transport should, if they have not yet done so, read the comprehensive guidance issued by the government<sup>42</sup> as a matter of urgency.

Note that France has designed a smart border system<sup>43</sup> for processing trucks using the ferry and Eurotunnel crossings, pairing the customs declaration data with the vehicle registration number transporting the consignment(s). More details are in the [UK government's guidance document](#) for hauliers.

One risk factor is that drivers stuck in slow moving queues could run out of driving hours and be forced to take a break – thus exacerbating any increase in journey times. (The UK will continue to enforce the EU rules on driving times and rest breaks.)

39. 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](https://ec.europa.eu/taxation_customs/general-information-customs/customs-security/authorised-economic-operator-aeo_en).

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

41. HMRC advice on applying for AEO status is available here:

<https://www.gov.uk/government/publications/notice-117-authorized-economic-operator/notice-117-authorized-economic-operator>

42. Transporting goods between the UK and EU in a no-deal Brexit: guidance for hauliers: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/836920/transporting-goods-between-the-uk-and-eu-in-a-no-deal-brexit-guidance-for-hauliers.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/836920/transporting-goods-between-the-uk-and-eu-in-a-no-deal-brexit-guidance-for-hauliers.pdf)

43. See: <http://www.douane.gouv.fr/articles/a16171-the-smart-border>

## PORT DELAYS

The additional checks required on UK goods entering the EU after a No Deal Brexit will inevitably result in significant delays at EU ports, which will in turn have a knock-on effect for UK ports.

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.

Finally, members should consider the impact that additional customs checks/delays could have on their customers in the UK. If not done already, members should take steps to understand the possible impacts on their supply chains and understand the indirect impacts on themselves.

## VALUE ADDED TAX

The UK will no longer be in the EU VAT area after Brexit . Therefore transactions between the UK and EU will be treated in the same way as transactions with non-EU countries are currently treated. VAT will be payable on the value of any goods (including any customs tariffs) imported from the EU. Exports to the EU on the other hand will be zero-rated, with your customers responsible for paying VAT at the point of importation<sup>44</sup>. Members should ensure that their systems are able to cope with this change in procedure.

The biggest potential implication of Brexit would have been the negative impact on cash flow, with VAT on purchases from the EU being payable at the point of importation, instead of in the quarterly VAT return in which the end-product sale is recorded. However, the government will 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.”<sup>45</sup>

This will not of course mitigate the cash flow impacts for your EU customers.

## 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?

44. 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>.

45. For detailed guidance on VAT from HMRC, see: <https://www.gov.uk/government/publications/vat-for-businesses-if-theres-no-brexite-deal/vat-for-businesses-if-theres-no-brexite-deal--2>



- 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?

A summary of Incoterms, detailing which party is responsible for paying duty under different contractual terms, is at Annex 8.

## FINANCE SERVICES

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”). Financial services includes not just banking, but other services such as insurance, asset management, auditing and advisory services.

After a No Deal Brexit, all financial services providers offering services in the UK will in theory be regulated by the UK; and similarly 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.

However 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 authorisation<sup>46</sup>. The UK is also working with EU Member States to try to achieve similar transitional arrangements that would allow UK-authorized providers to continue operating in the EU temporarily. Information on how successful the UK has been is however scarce, and this is still work in progress.

One implication of this is that unless the UK obtains reciprocal transitional arrangements, 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.

In the longer term, it might be possible for the UK to agree mutual recognition of its financial services regulatory regimes with the EU, although this is unlikely to provide as much freedom to financial services companies as passporting provides.

In reality, major UK financial services companies will already have made arrangements to ensure that they can continue to operate in the EU. Nevertheless, 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.

46. 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-brexite-deal/banking-insurance-and-other-financial-services-if-theres-no-brexite-deal>

## 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, except that regulatory compliance will be monitored and assured locally instead of by pan-EU organisations. One immediate result of a No Deal Brexit would thus be that UK compliance (for example, with a product standard) would not automatically be recognised as complying with EU law.

In the longer term, UK regulation after Brexit will be expected to progressively diverge from EU regulation. However this does not necessarily mean that UK regulation will become less onerous, just different; while UK businesses operating in the EU will need to comply with two separate regulatory regimes.

Regulations 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 a 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.

In a No Deal Brexit, the UK becomes a third country for the purposes of EU REACH and will then require its own chemicals regulatory system and IT infrastructure. Steel companies dealing with controlled substances will need to take necessary steps to be compliant with the new regime: this would likely be a complex and expensive regulatory exercise for those companies that have to register under the new UK system. A No Deal 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. Such companies would likely be newly classified as importers under a UK REACH regime and would need to register as such.

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, the government has developed the relevant legislation and IT systems for re-registration under a new UK REACH and is ensuring that there is domestic capacity to fulfil obligations currently undertaken by ECHA, the European chemical regulator. 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.

Steel companies, who are downstream users of a REACH authorisation held by an EU/EEA-based company, need to notify HSE of:

- (1) the existing EU authorisation;
- (2) any conditions set out in the existing EU authorisation; and
- (3) the identity of the supplier of the substance within 60 days of leaving the EU<sup>47</sup>.

47. <https://www.hse.gov.uk/brexit/scenario5.htm>

If, however, steel companies currently are REACH registrants, additional actions are needed. Companies need to open an account and enter basic information on UK REACH IT within 120 days of leaving the EU, and provide technical information required under UK REACH within two years of leaving the EU<sup>48</sup>. HSE has provided some information on what the new UK REACH will look like on their website<sup>49</sup>.

If you wish to continue accessing the EU market after Brexit (for the sale of controlled chemicals or materials), in advance of the UK's departure you will need to either:

- (1) transfer your registrations to an EEA-based entity (e.g. affiliate or Only Representative); or
- (2) support your EEA-based importers to comply with EU REACH.

It is strongly recommended that steel companies familiarise themselves with the HSE's REACH guidance<sup>50</sup>, which outlines the various implications for different supply chains.

The National Customer Contact Centre within the Environment Agency will open a helpdesk in the case of No Deal Brexit, and can be contacted in regards to chemical regulation and compliance on 03708 506 506 (Monday to Friday, 8am to 6pm) or at [enquiries@environment-agency.gov.uk](mailto:enquiries@environment-agency.gov.uk).

## EU ETS

In a No Deal Brexit, a carbon tax would be introduced by the UK Government<sup>51</sup> from 4 November 2019 to all UK stationary installations currently participating in the EU ETS. For 4 November to 31 December 2019 the tax rate would be £16 per tonne. The 2020 tax rate would be set at Budget 2019.

Installation permit holders will be required to submit a single verified emissions report by 31 March 2021 which would include two emission statements covering: 4 November 2019 to 31 December 2019, and 1 January 2020 to 31 December 2020. The carbon tax for both periods will be due for payment in May 2021.

If we leave without a deal on 31 October, the UK would leave the EU ETS during the 2019 compliance period and not be a participant in March 2020 when allowances have to be submitted. There would therefore not be any requirements to submit allowances for 1 January 2019 to 31 December 2019, in which there would be no carbon pricing.

In the case of an extension to Article 50 beyond 31 October 2019, there would still not be an obligation to surrender EU ETS allowances, as long as the UK had left prior to the compliance obligation date of 30 April 2020. Should the UK leave without a deal after April 2020, then it is assumed that steel companies would need to surrender the equivalent number of allowances by 30 April 2020. In this final scenario, UK companies would not be provided any free allocation in 2020 and so once again they would be prevented from 'borrowing forward' and using these allowances immediately to comply in April 2020 – they would however finally have access to their free allocation from 2019.

48. <https://www.hse.gov.uk/brexit/scenario1.htm>

49. <https://www.hse.gov.uk/brexit/further-info.htm>

50. <https://www.hse.gov.uk/brexit/reach.htm>

51. <https://www.gov.uk/government/publications/meeting-climate-change-requirements-if-theres-no-brexit-deal/meeting-climate-change-requirements-if-theres-no-brexit-deal#no-deal-1>

In the long term, the government has consulted on four possible options<sup>52</sup>: remaining in the EU ETS; setting up a UK-only ETS; a UK ETS that links to the EU ETS; and a carbon tax. As of May 2019 the government has stated a preference for a UK ETS linked to the EU ETS.

The government intends to maintain Monitoring, Reporting and Verification arrangements to ensure continuing transparency over greenhouse gas emissions. In a no deal scenario, accounts in the EU ETS Union Registry administered by the UK and accounts in the Kyoto Protocol registry of the UK will be inaccessible as of the withdrawal date.

## ENVIRONMENTAL PERMITTING

The vast majority of UK Steel members' 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.

After a No Deal Brexit, the IED will continue to have effect in UK law via the Environmental Permitting Regulations 2014<sup>53</sup> (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.

One longer term consideration concerns the process for establishing Best Available Techniques (BAT Conclusions) via the 'Sevilla process'. In a No Deal Brexit, 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

Existing health and safety legislation will continue to apply in the UK immediately after leaving the EU, and regulations have already been introduced to that effect<sup>54</sup>.

The Health and Safety Executive has issued guidance on how certain areas that they regulate may be affected by a No Deal Brexit, but this mainly relates to the transport of hazardous substances, and to chemicals<sup>55</sup>.

The government would not be expected to introduce legislation that undermined our existing high levels of H&S protection. However, 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. Make UK 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.

52. BEIS consultation on the future of UK carbon pricing <https://www.gov.uk/government/consultations/the-future-of-uk-carbon-pricing>

53. [http://www.legislation.gov.uk/uksi/2014/255/pdfs/uksi\\_20140255\\_en.pdf](http://www.legislation.gov.uk/uksi/2014/255/pdfs/uksi_20140255_en.pdf)

54. The Health and Safety (Amendment) (EU Exit) Regulations 2018: [https://assets.publishing.service.gov.uk/media/5b56de3fed915d0b7d3535ea/SL\\_Template.pdf](https://assets.publishing.service.gov.uk/media/5b56de3fed915d0b7d3535ea/SL_Template.pdf)

55. HSE guidance documents: <https://www.gov.uk/guidance/health-and-safety-executive-information-if-the-uk-leaves-the-eu-without-a-deal>

# STEEL STANDARDS, CERTIFICATION AND RELATED REGULATION<sup>56</sup>

## DEVELOPMENT OF PRODUCT STANDARDS

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

Under a No Deal 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 happens is likely to depend on the dynamics of individual products/sectors.

- Sectors with a high proportion of EU sales, or whose customers have 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 government has already put in place regulations that will enable it to designate EN standards as UK standards in order to secure short term continuity and also longer term uniformity.

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. This is crucial to ensure that new EN standards protect the interests of UK manufacturers. Under a No Deal Brexit there is a risk that the UK would not be allowed full participation in CEN (and CENELEC)<sup>57</sup>. However, transitional arrangements have already been agreed that would enable UK participation to continue to the end of 2020; and BSI is working to secure changes to CEN's statutes that would enable UK participation in its work to continue permanently<sup>58</sup>.

## CE MARK

After a No Deal Brexit, the CE mark will for the affected products sold in the UK be replaced by a new UKCA (UK Conformity Assessed) mark. Companies placing affected products on the UK market will need to use the UKCA mark to indicate that their goods comply with UK regulations and can be placed on the UK market.

56. General EU guidance on the placing of industrial products on the EU market is available here:

[https://ec.europa.eu/info/sites/info/files/file\\_import/industrial\\_products\\_en\\_1.pdf](https://ec.europa.eu/info/sites/info/files/file_import/industrial_products_en_1.pdf)

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

58. See BSI's advice on the impact of a No Deal Brexit:

<https://www.bsigroup.com/en-GB/about-bsi/uk-national-standards-body/standards-policy-on-the-uk-leaving-the-eu/>

However, companies will still for a limited period be able to use the CE marking for products being placed on the UK market if any of the following apply:

- They currently CE mark their goods on the basis of self-certification;
- Any mandatory third-party conformity assessment was carried out by an EU-recognised notified body; or
- The certificate of conformity previously held by a UK body has been transferred to an EU-recognised notified body.

The government will consult on the timing of ending this concession.

The UKCA mark will not be recognised on the EU market, and products currently requiring a CE mark will continue to require a CE mark for sale in the EU<sup>59</sup>.

## TESTING AND COMPLIANCE

After Brexit, a new legal framework will allow UK conformity assessment bodies to continue operating for most products being placed on the UK market, and most bodies will automatically have their status converted. A new UK database will replace the EU's New Approach Notified and Designated Organisations (NANDO) database, and the United Kingdom Accreditation Service (UKAS) will continue as the national accreditation body.

After Brexit, UK conformity assessment bodies will no longer be recognised as competent to carry out mandatory conformity assessment for products being placed on the EU market<sup>60 61</sup>. Thus if you are placing a good on the EU market **after** Brexit you will need to use an EU-recognised conformity assessment body. This is the case even if the assessment was carried out before the UK left the EU. It does not however apply:

- to product testing where manufacturers voluntarily contract out testing against European or international standards; or
- if you self-declare the conformity of your good against the regulations; in this case you can continue to place your good on the EU market using the CE marking.

If you are affected by this change, the advice<sup>62</sup> is:

- If your goods were assessed by a UK-based notified body, then you could arrange for them to be reassessed by an EU-recognised conformity assessment body before placing on the EU internal market. You can find a list of EU-recognised bodies on the [NANDO database](#).
- Alternatively, you could arrange for the files to be transferred to an EU recognised body before the UK leaves the EU.

59. Guidance on CE and UKCA marking is available here: <https://www.gov.uk/guidance/placing-manufactured-goods-on-the-uk-market-if-theres-no-brex-it-deal>. Rules for using the UKCA mark are here: <https://www.gov.uk/guidance/prepare-to-use-the-ukca-mark-after-brex-it>

60. Guidance for conformity assessment bodies is available here: <https://www.gov.uk/guidance/status-of-conformity-assessment-bodies-after-brex-it>

61. Note: We have been unable to locate any guidance on whether EU bodies will be able to assess conformity against the UKCA mark.

62. See: <https://www.gov.uk/guidance/placing-manufactured-goods-on-the-eu-internal-market-if-theres-no-deal>

- Check whether your UK assessment body is taking steps of its own, so that you can continue to export to the EU without needing to find a new notified body yourself<sup>63</sup>.

All products where third-party assessment is required will need to be re-marked with the new EU recognised notified body's 4-digit number.

## CONSTRUCTION PRODUCTS REGULATION

The main regulatory regime affecting certain steel products is the Construction Products Regulation (CPR), where CE marking and use of harmonised standards is mandatory. This Regulation will automatically be written into UK law on the day of exit. All existing European harmonised standards will become UK 'designated standards'. This means that immediately following exit, the European harmonised standards and UK designated standards will be identical.

Additionally, goods which are made and assessed against EU harmonised standards, and which comply with the EU's CPR, can continue to be sold in the UK for an unspecified future period. During this period manufacturers will not need to use the new UK mark if they have complied with the EU requirements and affixed the CE mark, having had any required third-party conformity assessment activity undertaken by an EU recognised notified body.

After this transitional period however the new UKCA mark will become obligatory, with conformity assessment by a UK approved body. Members are advised to prepare for this change in advance<sup>64</sup>.

However, as noted earlier, immediately after Brexit UK bodies will no longer be able to certify conformity in the EU. Members making construction products are therefore strongly advised to take the steps outlined above to ensure that they can continue to use the CE mark on products sold into the EU.

## STATE AID AND COMPETITION LAW

Existing EU state aid rules and competition law will be automatically written into UK law after exit, even under a No Deal scenario<sup>65</sup>. This will be policed by the Competition and Markets Authority (CMA). While there is the possibility that some differences in interpretation could emerge over the longer term, the CMA is expected to liaise closely with DG Competition.

In the longer term, after a No Deal Brexit, there is the possibility that UK law could diverge from EU law. This is more likely in the field of state aid, which is more liable to be affected by political priorities: to put it bluntly, if the CMA were to prevent the government from achieving a political objective, the government could simply amend the UK's state aid law.

63. We are informed that Lloyds Register Verification has sought to transfer some aspects of CE Certification. The application process has been approved by RvA in Holland and is awaiting the Commission to load the application onto Nando. Lloyds Register has assured UK Steel that with immediate effect, once this licence process is completed and released by the Commission, replacement CE marking will commence for those companies wishing to transfer their certification. The process will take 24-48 hours, and existing assessment information will be used to validate the transfer so no additional assessments or visits will be needed, thus minimising the time delay. Notification on information required to update CE Labels and DoP documentation will be given as soon as the transfer process commences. [Information up to date as of 11 October 2019.]

64. Specific guidance on how the CPR will be applied in the UK after Brexit is available here: <https://www.gov.uk/guidance/construction-products-regulation-if-there-is-no-brex-it-deal>

65. Guidance on state aid is available here: <https://www.gov.uk/government/publications/state-aid-if-there-is-no-brex-it-deal/state-aid-if-there-is-no-brex-it-deal> and on competition law here: <https://www.gov.uk/guidance/merger-review-and-anti-competitive-activity-after-brex-it>.

## PUBLIC PROCUREMENT

Agreement has been reached for the UK to join the WTO's Agreement on Government Procurement as a party in its own right if there's a No Deal Brexit. This will amongst other things ensure that UK companies have continued access to a "substantial proportion" of EU government procurement contracts. The UK's membership will come into effect 30 days after the UK deposits the Instrument of Accession<sup>66</sup>.

## TRADEMARKS AND PATENTS

The government has issued guidance on the steps to be taken regarding trademarks<sup>67</sup> and patents<sup>68</sup> under a hard Brexit scenario.

## DATA PROTECTION

The General Data Protection Regulation (GDPR) will continue to apply in the UK after Brexit. In the UK, this sits alongside the Data Protection Act 2018, which of course will be unaffected. Both will be policed by the Information Commissioner.

The GDPR restricts the flow of personal data (e.g. HR, sales, purchasing, marketing information) from the EEA (i.e. the EU plus Norway, Iceland and Liechtenstein) to third countries unless the Commission has deemed those third countries to have "adequate" levels of data protection. The Commission has determined that the following countries/territories are "adequate":

- Full: Andorra, Argentina, Faroe Islands, Guernsey, Isle of Man, Israel, Jersey, New Zealand, Switzerland and Uruguay;
- Partial: Canada, Japan and USA.

The UK has legislated to ensure that UK companies can continue – on a transitional basis – to send personal data to the EEA and to all but one (the exception being Andorra) of the "adequate" countries.

The "adequate" countries have reciprocated and will allow the free flow of personal data to the UK.

However, the Commission has not at present deemed the UK to be "adequate", so businesses in the EEA will be restricted in the personal data they can transmit to the UK.

The government will keep pressure on the Commission to certify the UK as "adequate" after Brexit. In the meantime the government's advice is: if you receive personal data from the EU/EEA, you should review your contracts with the companies from whom you receive data and, where absent, include Standard Contractual Clauses (SCC) or other Alternative Transfer Mechanisms (ATM) to ensure that you can continue to legally receive personal data from the EU/EEA<sup>69</sup>. Businesses that

66. Guidance on public procurement is available here: <https://www.gov.uk/guidance/public-sector-procurement-after-a-no-deal-brexit>

67. <https://www.gov.uk/government/publications/changes-to-trade-mark-law-if-the-uk-leaves-the-eu-without-a-deal> and <https://www.gov.uk/government/publications/changes-to-design-and-trade-mark-law-if-the-uk-leaves-the-eu-without-a-deal>

68. <https://www.gov.uk/government/publications/changes-to-spc-and-patent-law-if-uk-leaves-the-eu-without-a-deal/changes-to-spc-and-patent-law-if-the-uk-leaves-the-eu-without-a-deal>.

69. Government guidance on data protection is here: <https://www.gov.uk/guidance/using-personal-data-after-brexit>; with more detailed assistance from the ICO: <https://ico.org.uk/for-organisations/data-protection-and-brexit/data-protection-and-brexit-for-small-organisations/>



are part of a multinational group may be able to rely on binding corporate rules (BCRs), for intra-group transfers as an appropriate safeguard.

The ICO advice is that for most businesses, the use of an SCC will be the most appropriate solution, and the ICO has developed a tool to help companies draft an SCC, [available here](#). Please note that such a contract needs to be put in place before the UK leaves without a deal. To use this you will need to understand the terms “data controller” and “data processor”. Definitions can be [found here](#).

## 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 – ideally no later than 31 October.

## ACCOUNTING

All companies will need to use ‘UK adopted IAS’ instead of ‘EU adopted IAS’ for financial years beginning after the UK leaves the EU. Both sets of standards will be the same on the day the UK leaves the EU. There may be differences later if the UK adopts or amends standards and the EU does not.

You can continue to use EU adopted IAS when preparing your accounts for financial years beginning on or before the day the UK leaves the EU<sup>70</sup>.

## EMPLOYMENT

### EMPLOYMENT LAW

All EU employment law will automatically be enshrined as UK legislation on Brexit. The only changes to workplace rights identified by the government are<sup>71</sup>:

- UK employees will no longer be able to ask their employer to set up a European Works Council after Brexit.
- The rights of UK employees working in an EU country for a UK employer who becomes insolvent will differ in each country depending on how that country extends protections to non-EU employers and employees.

### IMMIGRATION AND CITIZENS’ RIGHTS

The biggest implication for employers will be the ending of free movement of labour from EEA countries. EU and EFTA citizens and their families already in the country on 31 October will have the right to remain here. However, it is essential that any EU or EFTA citizens you employ should apply under the EU Settlement Scheme<sup>72</sup>. They will have until 31 December 2020 to do so. Irish citizens will not need to apply for settled status as their rights are already fully protected.

Additionally the government has agreed reciprocal arrangements with the EFTA countries (Norway,

70. More guidance on accounting available here: <https://www.gov.uk/guidance/accounting-if-theres-no-brex-it-deal>

71. Guidance on workplace rights: <https://www.gov.uk/guidance/workplace-rights-after-brex-it>

72. Information on how to apply for settled status: <https://www.gov.uk/settled-status-eu-citizens-families>

Iceland, Lichtenstein and Switzerland) that provide certainty to both UK nationals in the EFTA states and EFTA nationals in the UK, who are legally resident before exit day, that they can continue to live, work and study as now.

In the short term, EU citizens moving to the UK after a No Deal Brexit on 31 October 2019 will be able to work, study and access benefits and services in the same way as EU citizens resident before exit day. However, to remain in the UK after 2020 they will be able to apply for European Temporary Leave to Remain (Euro TLR) which will last three years. Again, this restriction will not apply to Irish citizens.

The government intends to introduce a new, Australian-style points-based immigration system from January 2021, to apply to all immigrants. The details of this are awaited. Until the government's intentions become clearer it will be difficult for members to assess how their recruitment would be affected, or whether they need to adapt their training policies.

The situation is far less clear regarding the rights of any UK citizens you employ in other EU countries (again, excepting the Republic of Ireland). All Member States have made commitments to protect the rights of UK nationals, but these vary in the extent to which they reciprocate the UK's guarantee. Similarly, all Member States have prepared or enacted no-deal contingency legislation, but again the extent to which this would protect existing rights and services varies by Member State. You will need to keep your overseas employees' rights under review.

One specific issue that may affect your employees in EU and EFTA countries is access to healthcare. UK-issued European Health Insurance Cards (EHICs) will no longer be valid after a No Deal Brexit. Many countries will continue to provide healthcare to UK citizens who are paying tax and/or social security in that country, but not all will<sup>73</sup>. You may wish to consider providing health insurance to such employees.

## PROFESSIONAL QUALIFICATIONS

There will be no system of mutual recognition of professional qualifications between the EU/EFTA and the UK after a No Deal Brexit<sup>74</sup>. These changes will affect:

- Holders of EU and EFTA qualifications wishing to work in the UK, including UK nationals;
- EU and EFTA nationals with any non-UK qualification wishing to work in the UK;
- UK nationals wishing to provide professional services in the EU or EFTA.

There will instead be a new UK recognition system after Brexit.

However, for EU, EFTA and UK nationals who applied for recognition of a non-UK qualification under the pre-Brexit rules:

- Decisions made before Brexit day will remain valid; and
- As far as is possible, applications made before Brexit day but not concluded by that date will be completed as though the pre-Brexit rules applied.

Also, the UK has reached agreements on citizens' rights with the four EFTA countries (Iceland,

<sup>73</sup>. For a country-by-country analysis of post-Brexit healthcare provision, see:

<https://www.nhs.uk/using-the-nhs/healthcare-abroad/healthcare-when-travelling-abroad/travelling-in-the-european-economic-area-eea-and-switzerland/>

<sup>74</sup>. More information on recognition of professional qualifications can be found here:

<https://www.gov.uk/guidance/providing-services-including-those-of-a-qualified-professional-after-brexit>

Liechtenstein, Norway and Switzerland) which will apply if there's a No Deal Brexit. These agreements include recognition of professional qualifications held by these countries' nationals and by UK nationals.

Thus any professionally qualified EU/EFTA citizens (or UK citizens with EU/EFTA qualifications) you currently employ will not be affected by Brexit. However you would be advised to consult the relevant professional organisations before making any new appointments under these categories.

## TRAVEL

Agreement has been reached between the UK and EU that will ensure that planes continue to fly after Brexit. Similarly cross-border train services should be unaffected.

However, a No Deal Brexit will have adverse effects on travel by UK citizens in the EU. You are advised to ensure that any of your employees who travel on business are aware of these changes, and that they have taken the necessary measures to prepare for them. Some of these requirements may vary by Member State, so the safest option is to assume the worst.

- Many Member States (but not Ireland) will require that there are at least six months left on British passports. In the case of a passport that was renewed before the previous one expired, any extra months added to the new passport over ten years may not count towards the six months needed<sup>75</sup>.
- UK nationals will not require a visa for short stays of up to 90 days in every 180-day period.
- There may however be increased immigration checks and documentation requirements for UK nationals travelling to EU countries. These might include showing evidence of the purpose of their trip and proof that they can afford to cover its costs.
- UK nationals may lose access to dedicated lanes for EU/EEA/Swiss nationals and/or automated points of entry.
- EHICs may no longer be valid, and health insurance will therefore be required<sup>76</sup>.
- Some countries will accept UK photo ID driving licences, other will require an international driving permit (IDP). Note however that the type of IDP required varies by Member State.<sup>77</sup>
- "Green cards" will be required as evidence of car insurance.
- A GB sticker will be required on UK-registered cars.
- UK mobile phone operators may return to imposing exorbitant charges for roaming in EEA countries.

75. Passport requirements: <https://www.gov.uk/guidance/passport-rules-for-travel-to-europe-after-brexite>

76. For a country-by-country analysis of post-Brexit healthcare provision, see:

<https://www.nhs.uk/using-the-nhs/healthcare-abroad/healthcare-when-travelling-abroad/travelling-in-the-european-economic-area-eea-and-switzerland/>

77. Country-by-country driving licence requirements: <https://www.gov.uk/guidance/driving-in-the-eu-after-brexite-international-driving-permits>

# 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 14.
  - 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 temporary tariff schedule (instead of the CN). The tariff codes will be unchanged, but the tariffs charged on imports into the UK from all sources will generally be zero.
  
2. 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 the day we leave the EU if there’s a No Deal Brexit. If so:
  - 2.1 Consider the contractual implications, including liability for paying the duties.
  - 2.2 Are there other strategies for mitigating the loss of competitiveness?
  
3. Do you export to countries with whom the EU currently has an FTA? For each country:
  - 3.1 Has the UK negotiated an FTA with that country (see FTA section above and Annex 2)? If so, jump to point 4.
  - 3.2 If not, these sales will start incurring import duties from the day we leave the EU if there’s a No Deal 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.
    - 3.2.1 Consider the contractual implications, including liability for paying the duties.
    - 3.2.2 Are there other strategies for mitigating the loss of competitiveness?
  
4. Have you investigated the use of Outward Processing Relief or Inward Processing Relief?
  - 4.1 With UK import tariffs generally set at zero, using UK IPR or UK OPR would be pointless, except as a potential strategy for avoiding the 25% UK safeguards import duty if quotas are nearing exhaustion. However:
  - 4.2 If your UK operations are part of a pan-EU group, and there are material flows between the UK and EU operations, you could use EU IPR or EU OPR to minimise your import duties into the EU (including potentially the 25% EU safeguards import duty if quotas are nearing exhaustion). If so:
    - 4.2.1 Familiarise yourself with the documentary and regulatory requirements.
    - 4.2.2 Are changes needed to your internal systems to meet these requirements?
    - 4.2.3 Your EU operations can then start applying for EU OPR/IPR after Brexit.

- 4.3 Have you considered working with your EU customers so that they can reduce their higher costs of buying from you by using EU OPR/IPR?
  - 4.3.1 Familiarise yourself with the documentary and regulatory requirements.
  - 4.3.2 Work with your customers to assess what assistance you can give.
5. Have you conducted a risk analysis of the impact of Brexit under various scenarios on your customers – both in the UK and EU?
  - 5.1 Are your customers likely to pull out of the UK if they have to start paying EU import duties on their sales into the EU?
  - 5.2 Are your customers, or your customers' customers, reliant on sales to countries with whom the EU has an FTA?
    - 5.2.1 If so, can you work with them, using UK Steel's Rules of Origin guidance (Annex 9), to demonstrate that using your products would not risk them losing EU origin for their products?
6. Do you export any controlled goods to the EU? If so:
  - 6.1 You will need to start applying for export licences.
7. Are you familiar with the EU's customs declaration requirements?
  - 7.1 If not, check out the EU's guidance at [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/eucdm\\_guidance\\_document\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/eucdm_guidance_document_en.pdf)
  - 7.2 In either case, are your systems capable of dealing with the likely increased volume of paperwork?
8. Do you have a UK Economic Operator Registration and Identification (EORI) number?
  - 8.1 If not, you should apply for one.
9. Do you import into the EU?
  - 9.1 If so you will need an EU Economic Operator Registration and Identification (EORI) number.
10. Are you an Authorised Economic Operator (AEO)?
  - 10.1 If not:
    - 10.1.1 You should consider whether you have sufficient export and import transactions to justify seeking UK AEO status.
      - 10.1.1.1 You will need to review if your internal systems require amending to meet the standards.
    - 10.1.2 Alternatively, check that your customs broker or logistics company has AEO status.

- 10.2 With no recognition (for the time being) by the EU, of UK AEO status, you should consider whether you have sufficient export and import transactions with the EU to justify seeking EU AEO status.
  - 10.2.1 If so, consider applying to an EU Member State for AEO status; or
  - 10.2.2 If not check that your customs broker or logistics company has acquired AEO status from an EU Member State.
11. Do you export to the EU any products currently covered by the EU steel safeguards measure? If so:
  - 11.1 Ensure that import documentation includes reference to the quota order number. Note that the quota order numbers to be used in the documentation will change after the UK has been allocated its own specific quotas.
  - 11.2 Consider how the possibility of EU safeguards measures against the UK could impact on your future export plans to EU countries.
  - 11.3 Keep the EU quota utilisation rates under review.
  - 11.4 Review your contractual arrangements so that it is clear which party will pay the 25% duty if the quota is exceeded.
12. Do you import any products currently covered by the EU steel safeguard measure, which will also be covered by the new UK safeguards regime? If so:
  - 12.1 Familiarise yourself with the UK safeguards regime so that your imports into the UK can be made under quota, and not incur the 25% duty.
  - 12.2 Review your contractual arrangements so that it is clear which party will pay the 25% duty if the quota is exceeded.
13. Do you use road freight to ship goods to or from the EU? If so:
  - 13.1 If you use your own lorries, check out the [government's advice to road hauliers](#) on how to comply with the new regulations affecting UK lorries and drivers as a matter of urgency.
  - 13.2 If you use external hauliers, check that they are fully prepared to comply with the new regulations.
14. Do you produce any of the products that will be covered by new UK trade remedies measures (see Annex 7)?
  - 14.1 If so, you are advised to:
    - 14.1.1 Ensure your company participates in a UK Steel training session on how to handle anti-dumping investigations; and
    - 14.1.2 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.

15. Do you produce any products currently covered by the EU steel safeguard measure? If so:
  - 15.1 Consider your preparedness to provide detailed information to the UK government for its own, possible safeguards investigation that may be necessary.
16. Are your accounting systems set up to handle the change in VAT treatment?
17. Do your terms and conditions need amending to reflect the UK's new status as a non-EU state?
18. Are all of your financial services providers able to deliver the services you require within the EU after Brexit? If not, consider changing providers.
19. 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:
  - 19.1 Ensure you have read the [guidance from ECHA](#) regarding a 'no-deal' scenario.
  - 19.2 Communicate the potential risks to your supply chain as early as possible and ensure contingency plans are in place.
  - 19.3 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 120 days of leaving the EU by opening up an account on UK REACH IT system and uploading the information.
  - 19.4 Those companies that have their registrations grandfathered across, will have two years from the date of No Deal 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.
  - 19.5 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.
  - 19.6 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.
20. Do you participate in the EU ETS? If yes, then you should consider the following:
  - 20.1 Have you worked out where to move any remaining, unused allowances if there is a No Deal Brexit to ensure you still have access to them?
  - 20.2 Have you read the EU ETS technical note to check what UK obligations will be in place after October 2019 in the event of a no-deal Brexit?
21. Do you sell regulated products (e.g. construction products)? If not, skip to point 21. If yes,

then the following considerations will apply if there's a No Deal Brexit:

21.1 Do you sell such products on the UK market?

21.1.1 You should ensure that within an as yet unspecified period your conformity assessment(s) are issued by a UK-authorized body.

21.1.2 If you currently use a notified body authorized in another EU member state, you may instead seek to arrange for your files to be transferred to a UK-recognized notified body to allow for certificates of conformity issued by the EU-based notified body to continue to be valid.

21.2 Do you sell such products on the EU market? If so, you again have two choices, which to play safe should be actioned prior to 31 October unless an Article 50 extension has been sought and granted:

21.2.1 Get your products retested by a conformity assessment body recognised by another EU member state; or

21.2.2 Arrange for your files to be transferred to an EU-recognized notified body to allow for certificates of conformity issued by a UK-based notified body to continue to be valid.

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

21.3 In both cases, you are advised to start making preparatory plans so that you can act immediately the UK's post-31 October status is known.

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

22.1 You should assess whether there will be a requirement from your customers for your products to be certified by an EU-recognized body after Brexit, and act accordingly.

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

23.1 You are advised to read the government guidance regarding [trademarks](#) and [patents](#) and to consult your professional advisers.

24. As under a No Deal Brexit) the EU will not (at least immediately) recognise that the UK's data protection measures are "adequate" under the GDPR, members are advised to amend their contractual arrangements (by using the [ICO's tool](#)) so that personal data can continue to flow freely from the EU.

25. 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 31 October.

26. Members should start using UK IAS for their accounts for financial years that started after Brexit.

27. Members should encourage all UK employees who are citizens of other EU countries (other



than Ireland), and who entered the UK on or before 31 October, to apply under the EU Settlement Scheme. The deadline is 31 December 2020.

28. All members are advised to review their future recruitment needs and strategies. There will be a risk to employing citizens of other EU countries (other than Ireland) who entered the UK after 31 October, as they will only have a right to remain for three years after 2020. Although the new immigration policy is as yet unknown, mitigation strategies could include:
  - 28.1 Training recruits already resident in the UK prior to leaving, and with the right to remain here?
  - 28.2 Outsourcing to other countries?
29. Members who employ UK citizens in other EU countries should keep their rights under review.
  - 29.1 Consider offering health insurance where needed.
30. When recruiting employees in either the UK or EU with professional qualifications, members will need to start checking that those qualifications are valid in the country of employment.
31. Members should ensure that UK citizen employees who travel to other EU countries on business are aware of and able to comply with the new documentary requirements.

## **B. ISSUES FOR FUTURE REVIEW**

1. It is assumed that even after a No Deal Brexit, the UK will seek to negotiate a new trading relationship with the EU. Some of the above advice could therefore be superseded in the future.
2. Keep the UK's FTAs under review. UK Steel will keep you advised about the UK's progress.
3. The UK's temporary tariff schedule will change and be formalised at some point.
4. Monitor 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.
5. Keep under watch any reviews of existing trade remedies measures that will take place. UK Steel will monitor and inform members as well.
6. UK Steel will keep UK climate, environmental and health & safety legislation under review as it is amended post-Brexit.
7. 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 after Brexit.

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, under a No Deal Brexit 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, under a No Deal Brexit the UK's codes at this 10-digit level will immediately start deviating from the EU's, as we will not have the same set of preferential trade agreements. Members are advised to rely on the UK's own tariff schedule for all imports and exports 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 immediately after a No Deal Brexit – see “Trade remedies” in the main section.

# ANNEX 2

## GUIDANCE ON POST-BREXIT TARIFFS (SEPARATE DOCUMENT)

An accompanying spreadsheet to this document sets out the following information in relation to tariffs on steel products to key export markets:

- Tab 1 'Summary of Tariff situation' – The tariff situation with regards to each UK steel export market at the time of writing, along with information on the historic level of UK exports to that market.
- Tab 2 'EU Safeguards Product List' – A list of the products, and corresponding tariff codes, currently subject to the EU's safeguard measures.
- Tab 3 'Products in Scope of US Tariffs' – A list of products currently subject to the US's Section 232 tariff on steel imports.
- Tab 4 'Newly Applied Tariffs' – A list of the tariffs that would be applied to UK steel exports to key markets following Brexit and any transition period. These reflect those countries that still have MFN tariffs on steel products but which are not levied on UK exports currently due to the UK's inclusion within EU FTAs with these countries. Until the UK replicates these FTAs we would be subject to these countries MFN tariffs on steel. Details of these MFN tariffs are detailed in this tab.
- Tab 5 'UK Zero Tariffs' – A list of the EU's MFN tariffs on steel products (nearly all zero) and a comparison with the UK Government's planned temporary regime in the event of a no deal Brexit. In summary, the UK's proposed zero tariff regime would not directly impact most steel products but a number of inputs (such as ferro alloys) do currently have tariffs of 2-7% which would be reduced to 0% following a no-deal Brexit.
- Tab 6 'UK Trade Remedies' – a definite list, and details, of all the EU's current steel relevant trade remedies measures and which will be transitioned to the UK after Brexit.
- Tab 7 'UK Safeguard Quotas' - UK Steel estimates of the quota levels for relevant products within the UK steel safeguard measures to be introduced on 1 November in the event of a no deal Brexit.

## ANNEX 3

### 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 4

## EU'S MFN TARIFFS ON MAJOR STEEL-CONTAINING GOODS

These are the rates that will apply to imports of UK-origin goods after a No Deal Brexit.

Tariff heading	Product description	Tariff %
7307	Tube fittings	3.7
7308	Steel structures	0
7309	Steel reservoirs, tanks & vats	2.2
7310	Steel casks, drums, cans, boxes	2.7
7311	Steel containers for compressed or liquified gas	2.7
7312	Wire ropes	0
7313	Fencing wire, including barbed wire	0
7314	Steel cloth, netting, fencing etc	0
7315	Steel chains	2.7
7316	Steel anchors & grapnels	2.7
7317	Steel nails, tacks, staples	0
7318	Steel screws, bolts, rivets, washers etc	3.7
7319	Steel pins & needles etc	2.7
7320	Steel springs	2.7
7321	Stoves & similar cooking appliances and parts thereof	2.7
7322	Radiators & parts of heating systems	3.2
7323	Kitchen ware	3.2
7324	Sanitary ware & parts thereof	2.7 to 3.2
7325	Other steel castings	1.7 to 2.7
7326	Steel forgings & articles made from steel wire	2.7
8201	Agricultural and horticultural hand tools	1.7
8202	Hand saws & blades	1.7
8203	Files, raps, pliers, bolt cutters	1.7
8204	Spanners & wrenches	1.7
8205	Other hand tools	1.7 to 3.7
8206	Sets of hand tools	3.7
8207	Interchangeable tools for hand tools	2.7
8208	Knives and cutting blades for machines	1.7
8209	Plates, sticks, tips for tools	2.7
8210	Hand operated mechanical food appliances	2.7
8211	Knives and blades	2.7 to 8.5
8212	Razors & razor blades	2.7
8213	Scissor, shears	4.2
8214	Other cutlery	2.7
8215	Spoons, forks, ladles	4.7 to 8.5
8301	Padlocks & locks	2.7
8302	Fittings & mountings	2.7

Tariff heading	Product description	Tariff %
8303	Safes	2.7
8304	Filing cabinets	2.7
8305	Metal fittings for stationery	2.7
8307	Flexible tubing	2.7
8308	Metal fittings for clothing & luggage	2.7
8309	Stoppers, caps & lids	2.7
8401	Nuclear reactors and parts thereof	3.7 to 5.7
8402	Steam boilers	2.7
8403	Central heating boilers	2.7
8404	Auxiliary plant for 8402 & 8403	2.7
8405	Gas generators	1.7
8406	Steam turbines and parts thereof	2.7
8407	Spark ignition engines	1.7 to 6.2
8408	Diesel engines	0 to 4.2
8409	Parts for engines	1.7 to 2.7
8410	Hydraulic turbines	4.5
8411	Gas turbines	2.7 to 4.1
8412	Other engines & motors	1.7 to 4.2
8413	Pumps for liquids	1.7
8414	Air pumps	0 to 3.2
8415	Air conditioners	2.2 to 2.7
8416	Furnaces	1.7
8417	Non-electric Industrial & laboratory furnaces	1.7
8418	Fridges & freezers	1.9 to 2.5
8419	Heat treatment equipment	0 to 2.7
8420	Rolling machines, other than for glass or metal	0 to 2.2
8421	Centrifuges, purifying machinery	0 to 2.2
8422	Dishwashers	1.7 to 2.7
8423	Weighing machines	0 to 1.7
8424	Machines for spraying & blasting	0 to 1.7
8425	Pulleys, winches & jacks	0
8426	Cranes & derricks	0
8427	Fork lift trucks	4 to 4.5
8428	Other lifting equipment	0
8429	Bulldozers, graders, excavators, road rollers etc	0
8430	Other such machinery, incl pile drivers, borers, snow ploughs	0
8431	Parts for machinery under headings 8425 to 8430	0 to 4
8432	Soil preparation machines	0
8433	Harvesting, threshing, cleaning, grading machines	0
8434	Milking and dairy machines	0
8435	Fruit presses	1.7
8436	Other agricultural or horticultural machines	1.7

Tariff heading	Product description	Tariff %
8437	Machines for cleaning, sorting seeds and grains	1.7
8438	Other food and drink machinery	1.7
8439	Pulp and paper machines	1.7
8440	Book-binding machines	1.7
8441	Other paper/board related machines	1.7
8442	Printing machine components	0
8443	Printing equipment	0 to 1.7
8444	Machines for extruding, cutting textiles	1.7
8445	Machines for preparing fibres	1.7
8446	Weaving machines	1.7
8447	Knitting machines	1.7
8448	Auxiliary machines for the above	1.7
8449	Felt making machines	1.7
8450	Household washing machines	2.2 to 3
8451	Other washing etc machines	2.2
8452	Sewing machines and related equipment	2.7 to 9.7
8453	Leather making and working machines	1.7
8454	Metallurgical converters, ladles, ingot moulds & casting machines	1.7
8455	Rolling mills	2.7
8456	Laser or water-cutting machine tools	0 to 4.5
8457	Machine tools for working metal	2.7
8458	Lathes for removing metal	2.7
8459	Machine tools for drilling, boring, milling, threading metal	1.7 to 2.7
8460	Machine tools for deburring grinding, polishing etc	1.7
8461	Machine tools for planing, shaping, cutting	1.7 to 2.7
8462	Machine tools for forgin, stamping, pressing, etc	1.7 to 2.7
8463	Other machine tools for working metal without remving material	2.7
8464	Machine tools for working stone, ceramics, glas etc	2.2
8465	Machine tools for working wood, rubber, plastic etc	2.7
8466	Parts for machine tools	0 to 1.7
8467	Electrical hand tools	1.7 to 2.7
8468	Welding etc equipment	2.2
8470	Office machines	0
8471	Computers	0
8472	Other office machines	0 to 2.2
8473	Parts for office machines	0
8474	Machinery for processing minerals	0
8475	Machinery for making lamps, tubes, valves	0 to 1.7
8476	Automatic vending machines	0 to 1.7
8477	Machinery for processing rubber or plastic	1.7
8478	Machinery for processing tobacco	1.7

Tariff heading	Product description	Tariff %
8479	Any other machines	0 to 1.7
8480	Foundry etc moulds	1.7 to 2.7
8481	Taps, valves etc	2.2
8482	Bearings	7.7 to 8
8483	Transmission systems	2.7 to 6
8484	Metal gaskets & seals	1.7
8486	Machines for making electronic equipment	0
8487	Any other non-electric machines	1.7
8501	Electric motors & generators	2.7 to 4.7
8502	Electric generating sets & rotary converters	2.7
8503	Parts for 8501 & 8502	2.7
8504	Transformers, inductors	0 to 3.7
8514	Electric furnaces and ovens	1.1 to 2.2
8601	Electric locomotives	1.7
8602	Other locomotives	1.7
8603	Trams & self-propelled rail coaches	1.7
8604	Railway maintenance vehicles	1.7
8605	Passenger rolling stock	1.7
8606	Goods wagons	1.7
8607	Parts for railway and tramway locomotives & rolling stock	1.7 to 3.7
8608	Transport control equipment	1.7 to 3.7
8609	Containers for transporting goods or fluids	0
8701	Tractors	0 to 16
8702	Road vehicles carrying =>10 people.	10 to 16
8703	Road vehicles carrying <10 people.	5 to 10
8704	Goods vehicles	0 to 22
8705	Special purpose vehicles	3.7
8706	Chassis fitted with engines	4.5 to 19
8707	Road vehicle bodies	4.5
8708	Road vehicle parts and accessories	3 to 4.5
8709	Works trucks and materials handling equipment	2 to 4
8710	Armoured fighting vehicles	1.7
8711	Motorcycles	6 to 8
8712	Bicycles	14
8713	Mobility vehicles	0
8714	Parts for items in headings 8711 to 8713	0 to 4.7
8715	Prams	2.7
8716	Caravans & trailers	1.7 to 2.7
8802	Aircraft	2.1 to 7.5
8803	Aircraft parts	0 to 2.7
8901	Cruise ships, ferries, cargo ships, barges	0 to 1.7
8902	Fishing boats, fish-factory boats	1 to 1.7



Tariff heading	Product description	Tariff %
8903	Yachts, rowing boats, canoes	0 to 2.7
8904	Tugs	0 to 1.7
8905	Light vessels, dredgers, floating cranes, oil platforms	0 to 1.7
8906	Other boats, incl warships & lifeboats	0 to 2.7
8907	Other floating structures	0 to 2.7
9301	Artillery, rocket launchers	0
9302	Revolvers	2.7
9303	Other firearms	3.2
9304	Other arms	3.2
9305	Parts for 9301 to 9304	0 to 3.2
9306	Munitions	1.7 to 2.7
9307	Swords, bayonets etc and parts therefor	1.7
9401	Seats, and parts thereof	0 to 5.6
9402	Medical etc furniture, and parts thereof	0
9403	Other furniture, and parts thereof	0 to 5.6
9404	Mattresses	3.7
9406	Prefabricated buildings	2.7

# ANNEX 5

## 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
<b>AGREEMENTS PROVIDING FOR FREE TRADE IN BOTH DIRECTIONS</b>				
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
Argentina	See under Mercosur			
Bosnia and Herzegovina	2015	Stabilisation and Association Agreement	EC and each MS	In force
Brazil	See under Mercosur			
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.
Georgia	2016	Association Agreement and Deep & Comprehensive Free Trade Area	EU and each MS	In force
Iceland	1973	Free Trade Agreement*	EEC	In force
Israel	2000	Association Agreement	EC and each MS	In force

Country/region	Year	Type	European parties	Status
Japan	2019	Economic Partnership Agreement	EU	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
Liechtenstein	1973	Free Trade Agreement*	EEC	In force
Mercosur (Argentina, Brazil, Paraguay and Uruguay)	2019	Free Trade Agreement	[Text of agreement not yet available]	Agreement reached in principle.
Mexico	2000	Economic Partnership, Political Coordination and Cooperation Agreement	EC and each MS	In force. Tariffs ended on industrial goods. New comprehensive FTA awaiting ratification..
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
North Macedonia	2004	Stabilisation and Association Agreement	EC and each MS	In force
Palestinian Authority	1997	Interim Association Agreement	EC	In force
Paraguay	See under Mercosur			
Samoa	2018	Interim Partnership Agreement	EC	Provisionally applied since 2018
San Marino	1992	Customs Union	EEC	In force
Serbia	2013	Stabilisation and Association Agreement	EC and each MS	In force
Singapore	2019	Free Trade Agreement and an Investment Protection Agreement	EU	Awaiting ratification
South Africa	2000	Trade, Development and Co-operation Agreement	EC and each MS	Now in SADC agreement

Country/region	Year	Type	European parties	Status
South African Development Community (Botswana, eSwatini, Lesotho, Mozambique, Namibia, South Africa)	2018	Economic Partnership Agreement	EU and each MS	In force for some countries, provisional application others. Phasing of duty elimination varies by product and country.
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. §
Uruguay	See under Mercosur			
Viet Nam	2019	Free Trade Agreement and an Investment Protection Agreement	EU	Awaiting ratification
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				
Country/region	Year	Type	European parties	Status
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
Kyrgyzstan	1995	Partnership and Cooperation Agreement		An enhanced agreement is under negotiation.
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, Liechtenstein'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.

+ 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 6

## 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.  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) 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

Case and type of measure	Target countries	Case history	Product Identified as being produced in UK?	UK Government plan to terminate or maintain measure
Organic coated steel (AS)	China	Definitive AD and AS measures imposed 11/3/13. Due to expire 15/3/18	Yes	Maintain
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	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

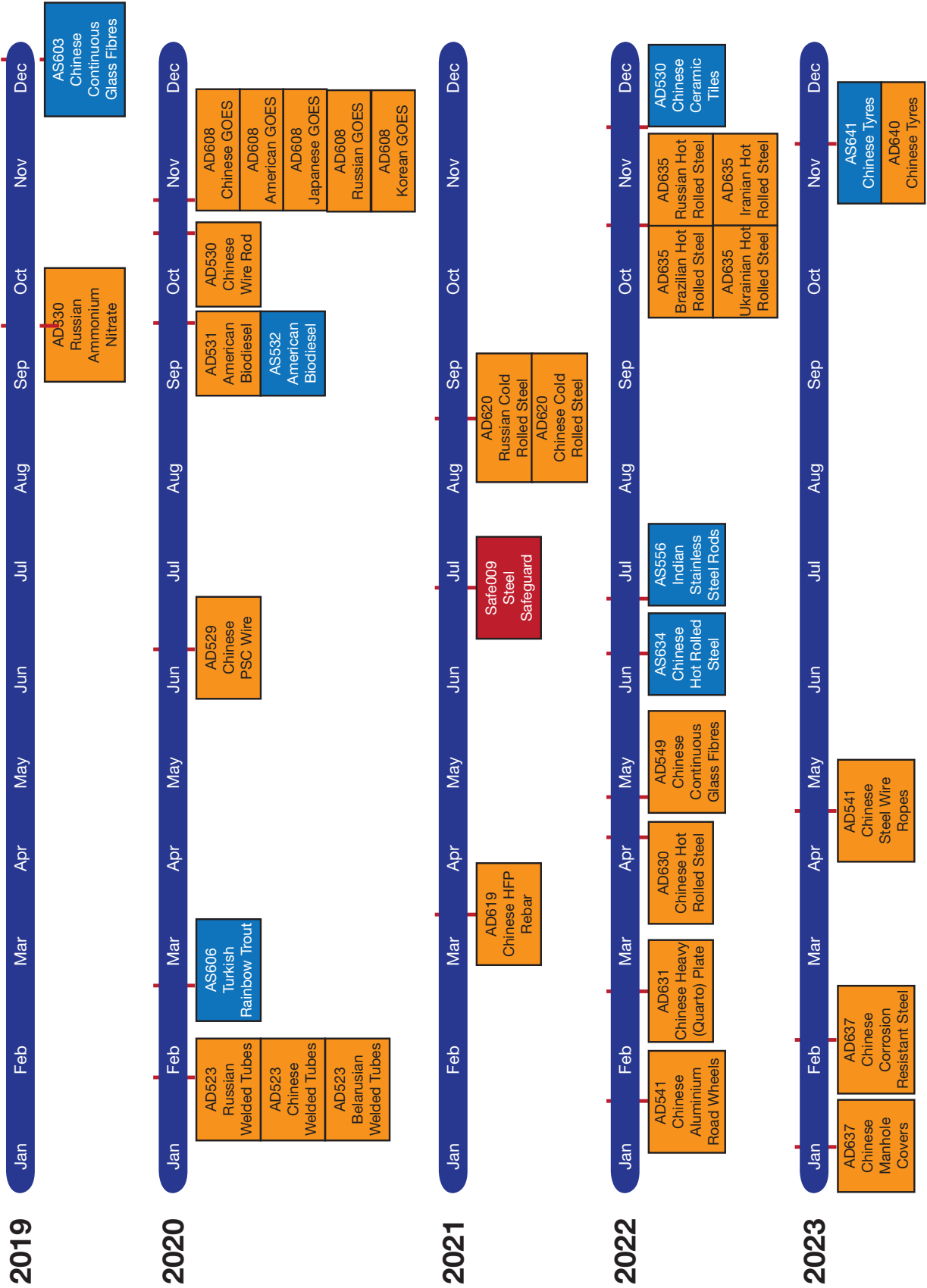


Case and type of measure	Target countries	Case history	Product Identified as being produced in UK?	UK Government plan to terminate or maintain measure
Stainless steel cold-rolled flat products (AD)	China, Taiwan	Definitive measures imposed 26/8/15. Anti-absorption investigation re Taiwan opened 11/8/16 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 anti-absorption 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 anti-absorption 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 measu
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 7

## PROVISIONAL TIMETABLE FOR TRANSITION REVIEWS OF TRADE REMEDIES



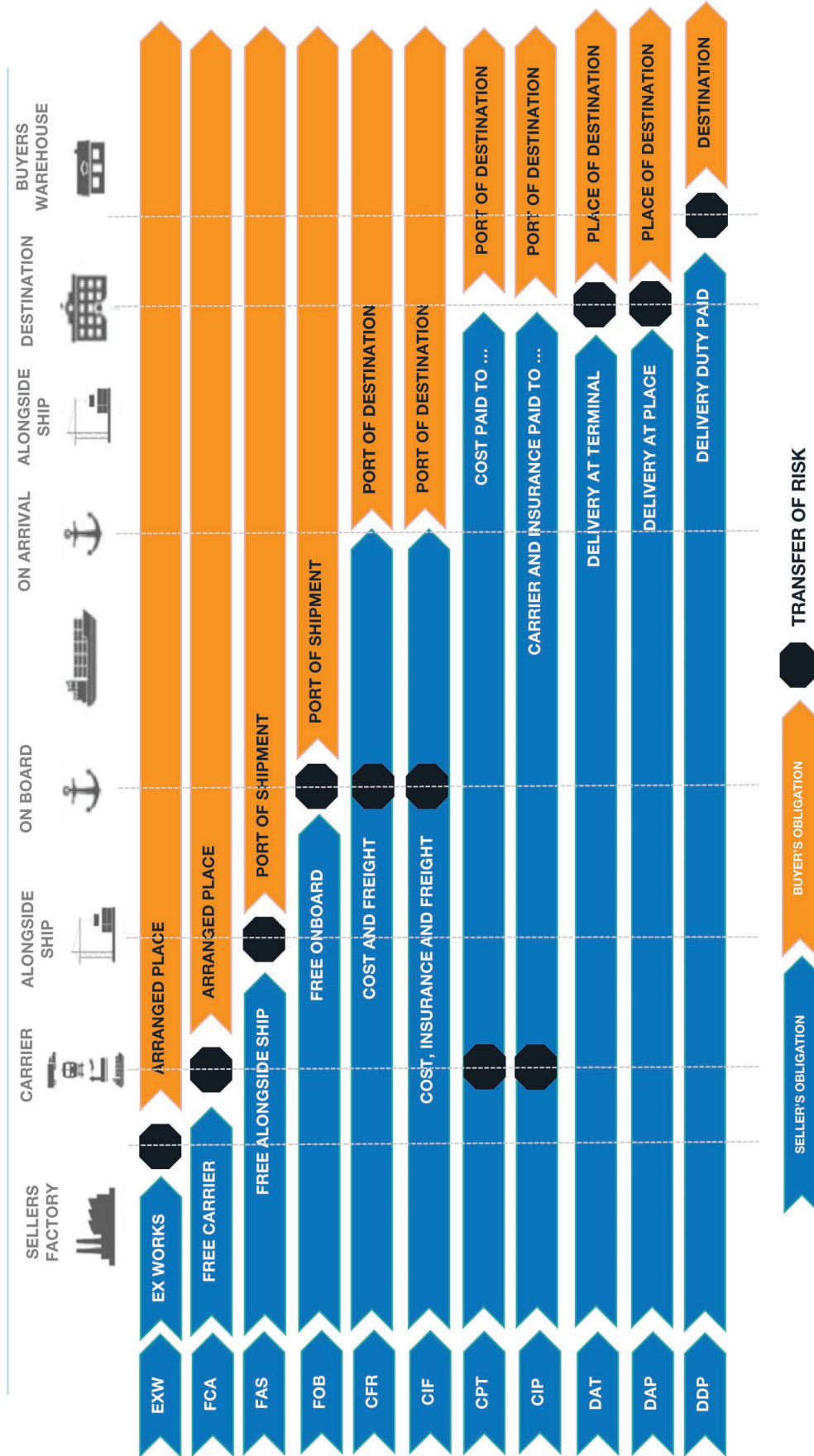
# ANNEX 8

## INCOTERMS – WHO PAYS FOR WHAT?

	Any Transport Mode		Sea/Inland Waterway Transport					Any Transport Mode				
	EXW	FCA	FAS	FOB	GFR**	CIF**	CPT*	CIP*	DAT	DAP	DDP	
Charge/Fees	Ex Works	Free Carrier	Free Alongside Ship	Free on Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Terminal	Delivered at Place	Delivered Duty Paid	
Packaging	Buyer of Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Loading Charges at point of origin	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Delivery to Port	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Export Duty & Taxes	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Loading On Charges	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Carriage Charges (Port of origin or of destination?)	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Insurance	***	***	***	***	***	Seller	***	Seller	***	***	***	
Destination Port Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	
Delivery to Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	
Customs Clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	
Import Duty & Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	

**Notes**  
 \*\*\* Negotiable between Buyer and Seller  
 \* CFT and CDT: Risk transfers once goods collected by Buyer's freight handler  
 \*\* CFR and CIF: Risk transfers by Buyer once freight loaded at Port of Origin

INCOTERMS 2010



# ANNEX 9

## RULES OF ORIGIN AND THE EU'S FREE TRADE AGREEMENTS

Each of the EU's Free Trade Agreements (FTAs) contains rules that determine whether a product has "originating status" and thereby qualifies for the preferential treatment given by that FTA. Put simply, from our perspective, the rules stipulate what needs to be done in the EU to an imported input to ensure that the resulting output is an EU product. If it is not deemed to be of EU origin, it will not qualify for preferential treatment.

If/when the UK leaves the Customs Union, any processing carried out in the UK will no longer be EU processing. It will therefore be necessary for EU steel consumers to check whether using UK-origin steel will stop the products they make from having EU origin, if those products are being sold to a country with which the EU has an FTA.s

There are two common methodologies for determining this:

1. By reference to the tariff headings of the input(s) and the end product – the "change in tariff heading rule". For example, the rule may specify that making an end product from products that have different four digit tariff headings from the end product will automatically confer "originating status" on that end product. Some times the use of certain other headings will not be allowed: frequently for example the rule will not allow mere assembly from components to qualify as conferring originating status, even though those components are classified under a different heading.
2. By reference to the proportionate value of non-originating materials and components used in the manufacture of a product.
3. A hybrid methodology is often used too. This will start by applying rule 1, but then if rule 1 is not met, rule 2 will be used. In other words a product that is made entirely from sub-products classified under other headings will acquire originating status, but if it contains one or more inputs from a "prohibited" heading, then a value-based rule will be applied instead.

It should be noted that once a product has obtained originating status, the entire value of that product is considered as originating for the purposes of calculating rule 2 above when it undergoes any further processing. For example, if a component made in the EU uses UK steel, but sufficient processing is undertaken for that component to acquire EU origin, then the whole value of the component is considered to be EU and will be treated as entirely of EU origin when a car maker subsequently calculates the EU content of the vehicles he produces.

## IMPLICATIONS FOR STEEL

Because steel is frequently used at the start of a long supply chain, there will be many instances where a product made in the EU containing imported steel will acquire EU origin through the "change of heading rule". The origin of the steel itself is then irrelevant to subsequent users of the product further down the supply chain.

Thus it will normally be safe for EU customers to buy UK steel for use in products where a “change in heading rule” is specified. The main caveat to this will be where a product is made using both steel products and components classified under its own heading. In such a case the “change in heading” will not have been achieved.

Unfortunately, not all agreements contain the same rules for the same products.

The spreadsheet entitled “Simplified summary of rules of origin affecting steel products” summarises the rules contained in the EU’s FTAs with the larger countries for the main steel-containing products. This by definition is not complete, but should give an indication of products/markets where EU consumers will be able to use UK steel without losing preferential tariff treatment under the EU’s FTAs. In the grid, the following key is used:

H	Means that a simple “change in four-digit tariff heading” rule is used, i.e. if a product is made entirely from materials or goods classified under a different heading, then originating status is acquired.
H+	Means that in addition to the simple “change in tariff heading” rule, originating status will not be acquired if products classified under certain other headings are used; or it might restrict the value of goods used from certain specified headings. This might for example be used to prevent the mere assembly of an end-product from its component parts to confer originating status.
A number, e.g. 20	Indicates that a value based rule is applied. For example, “20” means that the value of non-originating materials and components used must not exceed 20% of the ex works value of the product.
e.g. H&20	Indicates a double rule: Both a change in tariff heading is required AND the value of non-originating materials and components used must not exceed the stated % of the ex works value of the product.
e.g. 20+	Indicates that additional criteria are applied on top of the straight value based rule. It might for example restrict the value of goods to be used that are classified under the same heading as the product.
/	Indicates there are two options. E.g. “H/20” means either a “change in tariff heading” rule OR a value based rule can be used.
C	Denotes a rule too complex to summarise.

As a general rule of thumb, if “H” or “H/x” is indicated (and frequently also “H+”) , then there is a high probability that an EU customer will be able to use UK-origin steel without losing the EU origin of his end product. Care should however be taken if a steel product is being used directly (i.e. without undergoing some intermediate processing) by a manufacturer of a complex product, such as a spare part or component for a machine.

In cases where members have an interest in a specific transaction, where defining the rule of origin that will be applied by the processor of their steel – or further downstream – is critical to a commercial decision, they are strongly advised to consult the detailed rules of origin contained in the relevant FTA. Appendix 1 contains links to each of the FTAs analysed, together with advice on where to find the rules of origin.

## STEEL RULES OF ORIGIN

The FTAs have different rules of origin for steel products than the EU norm (its non-preferential rules of origin). There are two models, which are labelled as S1 and S2 in the spreadsheet. The effects are as follows:

S1	<p>Ingots have the origin of the country in which the steel was melted and cast.</p> <p>Continuously cast semis have the origin of the country in which they are cast. Semis rolled from ingots retain the origin of the ingot.</p> <p>For hot rolled flat, bars, rods, sections &amp; rails; cold rolled/drawn flat &amp; long products; and coated products: if produced from continuously cast semis they retain the origin of the steel as originally cast. (If produced from ingot-route semis however they acquire the origin of the country in which the hot rolling takes place.) Thus, when the UK leaves the Customs Union, if a UK concast semi is hot rolled, then cold rolled, then coated in an EU country, the final product will still retain UK origin.</p> <p>Wire, seamless tubes and welded tubes also retain the origin of the semis from which their feedstock was produced.</p>
S2	<p>Ingots have the origin of the country in which the steel was melted and cast.</p> <p>Continuously cast semis have the origin of the country in which they are cast. Semis rolled from ingots acquire the origin of the country in which they are rolled.</p> <p>Hot rolled flat and long products (including rails and wire) acquire the origin of the country in which they are rolled.</p> <p>Further processing beyond this does not change origin: cold rolled and coated products retain the origin of the HR.</p> <p>Tubes acquire the origin of country in which they are formed, unless rolled from bars/rods.</p>

### Note:

The rules summarised here are only used to determine whether steel supplied to an EU customer undergoes sufficient further processing in the EU to enable the end-product to be of EU origin for the purposes of gaining preferential treatment in the EU's FTAs. These rules cannot be used for determining a steel product's origin for customs declarations. If the UK leaves the EU without a deal, then the EU's non-preferential rules of origin will be used to determine the steel's origin when imported into the EU. If the UK leaves the EU with a negotiated future arrangement (e.g. on 31 December 2020), then the applicable rules are likely to be set by that agreement.



## CUSTOMS UNIONS

The EU has customs unions with Turkey, Andorra and San Marino, covering processed agricultural and industrial products.

In a customs union, goods that are in free circulation in one partner country are automatically free to circulate in the other partner. To qualify as being in free circulation, goods must either:

- Have been produced in the territory of one of the two;
- Or have been imported, and the full customs duties paid.

There is therefore no need for rules to establish “originating origin” in the EU’s three Customs Union.

**Note:**

The EU/Turkey and EU/San Marino Customs Unions do not apply to ECSC steel products (i.e. semis; hot rolled, cold rolled and coated flat products (other than CR narrow strip <600mm); hot rolled bars and rods; hot rolled sections). For these products there is a separate EU/Turkey Free Trade Agreement – see Appendix 1 for a link.

## RULES OF ORIGIN APPLICABLE TO TO STEEL-CONTAINING PRODUCTS IN CERTAIN KEY EU FREE TRADE AGREEMENTS

H	Means that a simple “change in tariff heading” rule is used, i.e. if a product is made entirely from materials or goods classified under a different heading, then originating status is acquired.
H+	Means that in addition to the simple “change in tariff heading” rule, originating status will not be acquired if products classified under certain other headings are used. This might for example be used to prevent the mere assembly of an end-product from its component parts to confer originating status. Please consult detailed rules.
e.g. 20	Indicates that a value based rule is applied. E.g. “20” means that the value of non-originating materials and components used must not exceed 20% of the ex works value of the product.
e.g. 20+	Indicates that additional criteria are applied on top of the straight value based rule.
H&20	Indicates a double rule: Both a change in tariff heading is required AND the value of non-originating materials and components used must not exceed the stated % of the ex works value of the product.
/	Indicates there are two options. E.g. “H/20” means either a “change in tariff heading” rule OR a value based rule can be used.
C	Denotes a rule too complex to summarise.

EU Free Trade Agreements with:

Tariff heading	Product description	EU Free Trade Agreements with:														
		Algeria	Canada	Chile	Colombia Peru Ecuador <sup>1</sup>	Egypt	Israel	Japan <sup>2</sup>	Mexico	Morocco	Norway <sup>3</sup>	Serbia	South Africa	South Korea	Tunisia	Ukraine
7206 to 7306	Steel products (See the Introductory Guidance Notes for an explanation of these codes.)	S1	S2	S1	S2	S1	S1	S1	S1	S1	S1	S1	S1	S2	S1	S1
7307	Tube fittings	H+	H+	H+	H+	H+	C	H+	H+	H+	H+	H+	C	C	H+	H+
7308	Steel structures	H+	H+	H+	H+	H+	H+/50	H+	H+	H+	H+	H+	H+/50	H+	H+	H+
7309	Steel reservoirs, tanks & vats	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7310	Steel casks, drums, cans, boxes	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7311	Steel containers for compressed or liquified gas	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7312	Wire ropes	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7313	Fencing wire, including barbed wire	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7314	Steel cloth, netting, fencing etc	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7315	Steel chains	H+	H/50	H+	H+	H+	H+	H+	H+	H+	H+	H+	H+	H+	H+	H+
7316	Steel anchors & grapnels	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7317	Steel nails, tacks, staples	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7318	Steel screws, bolts, rivets, washers etc	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7319	Steel pins & needles etc	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7320	Steel springs	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7321	Stoves & similar cooking appliances and parts thereof	H	H/50	C	H	H	H/50	H	H	H	H	H	H	H	H	H

EU Free Trade Agreements with:

Tariff heading	Product description	Algeria	Canada	Chile	Colombia Peru Ecuador <sup>1</sup>	Egypt	Israel	Japan <sup>2</sup>	Mexico	Morocco	Norway <sup>3</sup>	Serbia	South Africa	South Korea	Tunisia	Ukraine
7324	Sanitary ware & parts thereof	H	H/50	H	H	H	H	H	H	H	H	H	H	H	H	H
7325	Other steel castings	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
7326	Steel forgings & articles made from steel wire	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
8201	Agricultural and horticultural hand tools	H	H/50	H	H	H	H/50	H/50	H/50	H	H	H	H	H	H	H
8202	Hand saws & blades	H	H/50	H	H	H	H/50	H/50	H/50	H	H	H	H	H	H	H
8203	Files, raps, pliers, bolt cutters	H	H/50	H	H	H	H/50	H/50	H/50	H	H	H	H	H	H	H
8204	Spanners & wrenches	H	H/50	H	H	H	H/50	H/50	H/50	H	H	H	H	H	H	H
8205	Other hand tools	H	H+	H	H	H	H+	H+/50	H+/50	H	H	H	H	H	H	H
8206	Sets of hand tools	H+	H+	H+	H+	H+	H+	H+/50	H+/50	H+	H+	H+	H+	H+	H+	H+
8207	Interchangeable tools for hand tools	H&40	H+/50	H&40	H	H&40	H/50	H/50	H/50	H&40	H&40	H&40	H&40	C	H&40	H&40
8208	Knives and cutting blades for machines	H&40	H	H&40	H	H&40	H/50	H/50	H/50	H&40	H&40	H&40	H&40	H	H&40	H&40
8209	Plates, sticks, tips for tools	H	H	H	H	H	H	H/50	H/50	H	H	H	H	H	H	H
8210	Hand operated mechanical food appliances	H	H	H	H	H	H/50	H/50	H/50	H	H	H	H	H	H	H
8211	Knives and blades	H+	C	H+	H+	H+	H/50	H/50	H/50	H+	H+	H+	H+	H+	H+	H+
8212	Raxors & razor blades	H	H	H	H	H	H/50	H/50	H/50	H	H	H	H	H	H	H
8213	Scissor, shears	H	H	H	H	H	H/50	H/50	H/50	H	H	H	H	H	H	H
8214	Other cutlery	H+	H+	H+	H+	H+	H/50	H/50	H/50	H+	H+	H+	H+	H+	H+	H+
8215	Spoons, forks, ladles	H+	H+	H+	H+	H+	H/50	H/50	H/50	H+	H+	H+	H+	H+	H+	H+

EU Free Trade Agreements with:

Tariff heading	Product description	Algeria	Canada	Chile	Colombia Peru Ecuador <sup>1</sup>	Egypt	Israel	Japan <sup>2</sup>	Mexico	Morocco	Norway <sup>3</sup>	Serbia	South Africa	South Korea	Tunisia	Ukraine
8302	Fittings & mountings	H+	H+/50	H+	H+/50	H+	H	H/50	H/50	H	H	H+	H+	C	H	H+
8303	Safes	H	H	H	H	H	H	H/50	H/50	H	H	H	H	H	H	H
8304	Filing cabinets	H	H	H	H	H	H	H/50	H/50	H	H	H	H	H	H	H
8305	Metal fittings for stationery	H	H/50	H	H	H	H	H/50	H/50	H	H	H	H	H	H	H
8307	Flexible tubing	H	H	H	H	H	H	H/50	H/50	H	H	H	H	H	H	H
8308	Metal fittings for clothing & luggage	H	H+	H	H	H	H	H/50	H/50	H	H	H	H	H	H	H
8309	Stoppers, caps & lids	H	H	H	H	H	H	H/50	H/50	H	H	H	H	H	H	H
8401	Nuclear reactors and parts thereof	H&40/30	H/50	H&40/30	H/60	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/45	H&40/30	H&40/30
8402	Steam boilers	H&40/25	H/50	H&40/25	H/60	H&40/25	H&40/25	H/50	H/50	H&40/25	H&40/25	H&40/25	H&40/25	H/50	H&40/25	H&40/25
8403	Central heating boilers	H/40	H/50	H/40	H/60	H/40	H/40	H/50	H/50	H/40	H/40	H/40	H/40	H/50	H/40	H/40
8404	Auxiliary plant for 8402 & 8403	H/40	H/50	H/40	H/60	H/40	H/40	H/50	H/50	H/40	H/40	H/40	H/40	H/45	H/40	H/40
8405	Gas generators	H&40/30	H/50	H&40/30	H/60	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8406	Steam turbines and parts thereof	40	H/50	40	40	40	40	H/50	H/50	40	40	40	40	H/50	40	40
8407	Spark ignition engines	40	H/50	40	50	40	40	502	50	40	40	40	40	50	40	40
8408	Diesel engines	40	H/50	40	50	40	40	502	50	40	40	40	40	50	40	40
8409	Parts for engines	40	H/50	40	H/60	40	40	H/50	H/50	40	40	40	40	H/50	40	40
8410	Hydraulic turbines	H&40/30	H/50	H&40/30	H/60	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8411	Gas turbines	H&40/25	H/50	H&40/25	H/60	H&40/25	H&40/25	H/50	H/50	H&40/25	H&40/25	H&40/25	H&40/25	H/50	H&40/25	H&40/25
8412	Other engines & motors	40	H/50	40	40	40	40	H/50	H/50	40	40	40	40	H/50	40	40
8413	Pumps for liquids	H&40/25	H	H&40/25	H/60	H&40/25	H&40/25	H/50	H/50	H&40/25	H&40/25	H&40/25	H&40/25	H/50	H&40/25	H&40/25
8414	Air pumps	H&40/25	H/50	H&40/25	H/60	H&40/25	H&40/25	H/50	H/50	H&40/25	H&40/25	H&40/25	H&40/25	H/50	H&40/25	H&40/25
8415	Air conditioners	40	H/50	40	H/60	40	40	H/50	H/50	40	40	40	40	H/50	40	40

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8417	Non-electric Industrial & laboratory furnaces	H&40/30	H	H&40/30	H/40	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8418	Fridges & freezers	C	H/50	C	H/60	C	H/50	H/45 or 50	C	C	C	C	H/50	C	C
8419	Heat treatment equipment	C	H/50	C	H/60	C	H/50	H/50	C	C	C	C	H/50	C	C
8420	Rolling machines, other than for glass or metal	40+/30	H/50	40+/30	H+/30	40+/30	H/50	H/50	40+/30	40+/30	40+/30	40+/30	H/50	40+/30	40+/30
8421	Centrifuges, purifying machinery	H&40/30	H/50	H&40/30	H/60	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	40+/30	40+/30
8422	Dishwashers	H&40/30	H/50	H&40/30	H/60	H&40/30	H/50	C	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8423	Weighing machines	H&40/25	H	H&40/25	H&40/25	H&40/25	H/50	H/50	H&40/25	H&40/25	H&40/25	H&40/25	H/45	H&40/25	H&40/25
8424	Machines for spraying & blasting	H&40/30	H	H&40/30	H/60	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8425	Pulleys, winches & jacks	40+/30	H	40+/30	H/60	40+/30	H+/50	H+/50	40+/30	40+/30	40+/30	40+/30	H/45	40+/30	40+/30
8426	Cranes & derricks	40+/30	H	40+/30	40+/30	40+/30	H+/50	H+/50	40+/30	40+/30	40+/30	40+/30	H/45	40+/30	40+/30
8427	Fork lift trucks	40+/30	H/50	40+/30	40+/30	40+/30	H+/50	H+/50	40+/30	40+/30	40+/30	40+/30	50	40+/30	40+/30
8428	Other lifting equipment	40+/30	H	40+/30	40+/30	40+/30	H+/50	H+/50	40+/30	40+/30	40+/30	40+/30	H/45	40+/30	40+/30
8429	Bulldozers, graders, excavators, road rollers etc	C	H	C	C	C	H+/50	H+/50	C	C	C	C	H/45	C	C
8430	Other such machinery, incl pile drivers, borers, snow ploughs	40+/30	H	40+/30	40+/30	40+/30	H+/50	H+/50	40+/30	40+/30	40+/30	40+/30	H/45	40+/30	40+/30
8431	Parts for machinery under headings 8425 to 8430	C	H/50	40	C	C	H/50	H/50	C	C	C	C	H/50	C	C

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8433	Harvesting, threshing, cleaning, grading machines	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/45	H&40/30	H&40/30
8434	Milking and dairy machines	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/45	H&40/30	H&40/30
8435	Fruit presses	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8436	Other agricultural or horticultural machines	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8437	Machines for cleaning, sorting seeds and grains	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8438	Other food and drink machinery	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8439	Pulp and paper machines	40+/30	H	40+/30	H/50	40+/30	40+/30	H/50	40+/30	40+/30	40+/30	40+/30	H/50	40+/30	40+/30
8440	Book-binding machines	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8441	Other paper/board related machines	40+/30	H	40+/30	H/60	40+/30	40+/30	H/50	40+/30	40+/30	40+/30	40+/30	H/50	40+/30	40+/30
8442	Printing machine components	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8443	Printing equipment	H&40/30	H/50	H&40/30	C	H&40/30	H&40/30	H/50	H&40/30	H&40/30	C	H&40/30	45	H&40/30	C
8444	Machines for extruding, cutting textiles	40	H	40	40	40	40	H+/50	40	40	40	40	H/45	40	40
8445	Machines for preparing fibres	40	H	40	40	40	40	H+/50	40	40	40	40	H/45	40	40
8446	Weaving machines	40	H	40	40	40	40	H+/50	40	40	40	40	H/45	40	40
8447	Knitting machines	40	H	40	40	40	40	H+/50	40	40	40	40	H/45	40	40
8448	Auxiliary machines for the above	C	H	C	C	40	40	H/50	40	40	40	40	H/50	40	C

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8450	Household washing machines	H&40/30	H/50	H&40/30	H/60	H&40/30	H/50	H/45	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8451	Other washing etc machines	H&40/30	H/50	H&40/30	H/60	H&40/30	H/50	H/45	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8452	Sewing machines and related equipment	C	H/50	C	C	C	H/50	H/50	C	C	C	C	H/50	C	C
8453	Leather making and working machines	H&40/30	H	H&40/30	H/60	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8454	Metallurgical converters, ladles, ingot moulds & casting machines	H&40/30	H	H&40/30	H/60	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8455	Rolling mills	H&40/30	H/50	H&40/30	H/60	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8456	Laser or water-cutting machine tools	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	H/45	40	40
8457	Machine tools for working metal	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	H/45	40	40
8458	Lathes for removing metal	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	H/45	40	40
8459	Machine tools for drilling, boring, milling, threading metal	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	H/45	40	40
8460	Machine tools for deburring grinding, polishing etc	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	H/45	40	40
8462	Machine tools for forging, stamping, pressing, etc	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	H/45	40	40



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8464	Machine tools for working stone, ceramics, glass etc	40	H+/50	40	40	40	40	H+/50	H+/50	40	40	40	40	H/45	40	40
8465	Machine tools for working wood, rubber, plastic etc	40	H+/50	40	40	40	40	H+/50	H+/50	40	40	40	40	H/45	40	40
8466	Parts for machine tools	40	H	40	40	40	40	H/50	H/50	40	40	40	40	H/45	40	40
8467	Electrical hand tools	H&40/30	H/50	H&40/30	H/60	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/45	H&40/30	H&40/30
8468	Welding etc equipment	H&40/30	H/50	H&40/30	H/60	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8470	Office machines	40	H	50	40	40	40	H+/50	H+/50	40	40	40	40	H/45	40	40
8471	Computers	40	H	50	40	40	40	H+/50	H+/50	40	40	40	40	H/45	40	40
8472	Other office machines	40	H	50	40	40	40	H+/50	H+/50	40	40	40	40	H/50	40	40
8473	Parts for office machines	H&40/30	H/50	50	H/60	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8474	Machinery for processing minerals	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/45	H&40/30	H&40/30
8475	Machinery for making lamps, tubes, valves	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8476	Automatic vending machines	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8477	Machinery for processing rubber or plastic	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8478	Machinery for processing tobacco	H&40/30	H	H&40/30	H/60	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8479	Any other machines	H&40/30	H	H&40/30	H/50	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8480	Foundry etc moulds	50	H/50	50	H/50	50	50	H/50	H/50	50	50	50	50	H/45	50	50
8481	Taps, valves etc	H&40/30	H/50	C	H/50	H&40/30	H&40/30	H/50	C	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30

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8483	Transmission systems	H&40/30	H/50	H&40/30	H/60	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30	H&40/30
8484	Metal gaskets & seals	40	H+	40	H/60	40	H/50	H/50	40	40	40	40	H/50	40	40	40
8486	Machines for making electronic equipment	40	H/50	40	C	H&40/30	H/50	H/50	H&40/30	H&40/30	C	H&40/30	H/50	H&40/30	H&40/30	C
8487	Any other non-electric machines	H&40/30	H	H&40/30	H/60	H&40/30	H/50	H/50	H&40/30	H&40/30	40	H&40/30	H/50	H&40/30	H&40/30	40
8501	Electric motors & generators	40+/30	H+/50	40+/30	40+/30	40+/30	H+/50	H+/50	40+/30	40+/30	40+/30	40+/30	H/45	40+/30	40+/30	40+/30
8502	Electric generating sets & rotary converters	40+/30	H+/50	40+/30	40+/30	40+/30	H+/50	H+/50	40+/30	40+/30	40+/30	40+/30	H/45	40+/30	40+/30	40+/30
8503	Parts for 8501 & 8502	H&40/30	H/50	H&40/30	H/50	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/45	H&40/30	H&40/30	H&40/30
8504	Transformers, inductors	40	H/50	C	C	40	H/50	H/50	H&40/30	H&40/30	40	H&40/30	45	H&40/30	H&40/30	C
8514	Electric furnaces and ovens	H&40/30	H/50	H&40/30	H/60	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30	H&40/30
8601	Electric locomotives	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	C	40	40	40
8602	Other locomotives	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	40	40	40	40
8603	Trams & self-propelled rail coaches	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	C	40	40	40
8604	Railway maintenance vehicles	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	40	40	40	40
8605	Passenger rolling stock	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	40	40	40	40
8606	Goods wagons	40	H+/50	40	40	40	H+/50	H+/50	40	40	40	40	40	40	40	40
8607	Parts for railway and tramway locomotives & rolling stock	40	H/50	40	40	40	H+/50	H+/50	40	40	40	40	40	40	40	40

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8609	Containers for transporting goods or fluids	40	H	40	40	40	40	H+/50	H+/50	40	40	40	40	40	40	40
8701	Tractors	40	45	40	50	40	40	452	H/45	40	40	40	40	45	40	40
8702	Road vehicles carrying =>10 people.	40	45	40	50	40	40	452	H/45	40	40	40	40	45	40	40
8703	Road vehicles carrying <10 people.	40	45	40	50	40	40	452	H/45	40	40	40	40	45	40	40
8704	Goods vehicles	40	45	40	50	40	40	452	H/45	40	40	40	40	45	40	40
8705	Special purpose vehicles	40	45	40	50	40	40	452	H/45	40	40	40	40	45	40	40
8706	Chassis fitted with engines	40	H+/50	40	50	40	40	452	H/45	40	40	40	40	45	40	40
8707	Road vehicle bodies	40	H+/50	40	50	40	40	452	H/45	40	40	40	40	45	40	40
8708	Road vehicle parts and accessories	40	H/50	40	H/50	40	40	H/502	H/50	40	40	40	40	H/50	40	40
8709	Works trucks and materials handling equipment	H&40/30	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8710	Armoured fighting vehicles	H&40/30	H	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8711	Motorcycles	C	H	C	H/50	C	C	H/50	H/50	C	C	C	C	H/50	C	C
8712	Bicycles	C	H+/50	C	50	C	C	45	H/45	C	C	C	C	45	C	C
8713	Mobility vehicles	40	H	40	50	H&40/30	40	H/50	H/50	40	40	40	40	H/50	40	40
8714	Parts for items in headings 8711 to 8713	40	H/50	40	H/50	40	40	H/50	H/50	40	40	40	40	H/50	40	40
8715	Prams	H&40/30	H/50	H&40/30	H&40/30	H&40/30	H&40	H/50	H/50	H&40	H&40/30	H&40/30	H&40/30	H/50	H&40	H&40/30
8716	Caravans & trailers	H&40/30	H/50	H&40/30	H/50	H&40/30	H&40/30	H/50	H/50	H&40/30	H&40/30	H&40/30	H&40/30	H/50	H&40/30	H&40/30
8802	Aircraft	H/40	H/50	H/40	H/40	H/40	H/40	H/50	H/50	H/40	H/40	H/40	H/40	H/40	H/40	H/40
8803	Aircraft parts	H/40	H/50	H/40	H/40	H/40	H/40	H/50	H/50	H/40	H/40	H/40	H/40	H/40	H/40	H/40
8901	Cruise ships, ferries, cargo ships, barges	H+/40	H/40	H+/40	H+/40	H+/40	H+/40	H+/40	H/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40

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8903	Yachts, rowing boats, canoes	H+/40	H/40	H+/40	H+/40	H+/40	H+/40	H/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40
8904	Tugs	H+/40	H/40	H+/40	H+/40	H+/40	H+/40	H/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40
8905	Light vessels, dredgers, floating cranes, oil platforms	H+/40	H/40	H+/40	H+/40	H+/40	H+/40	H/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40
8906	Other boats, incl warships & lifeboats	H+/40	H/40	H+/40	H+/40	H+/40	H+/40	H/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40
8907	Other floating structures	H+/40	H	H+/40	H+/40	H+/40	H+/40	H/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40	H+/40
9301	Artillery, rocket launchers	50	H+/50	50	50	50	50	50	50	50	50	50	50	50	50	50
9302	Revolvers	50	H+/50	50	50	50	50	50	50	50	50	50	50	50	50	50
9303	Other firearms	50	H+/50	50	50	50	50	50	50	50	50	50	50	50	50	50
9304	Other arms	50	H+/50	50	50	50	50	50	50	50	50	50	50	50	50	50
9305	Parts for 9301 to 9304	50	H/50	50	50	50	50	50	50	50	50	50	50	50	50	50
9306	Munitions	50	H/50	50	50	50	50	50	50	50	50	50	50	50	50	50
9307	Swords, bayonets etc and parts therefor	50	H/50	50	50	50	50	50	50	50	50	50	50	50	50	50
9401	Seats, and parts thereof	H/40	H/50	H/40	H/55	H/40	H	H/50	H	H	H/40	H/40	H/40	H/40	H+	H+
9402	Medical etc furniture, and parts thereof	H/40	H/50	H/40	H/50	H/40	H	H/50	H	H	H/40	H/40	H/40	H/40	H	H/40
9403	Other furniture, and parts thereof	H/40	H/50	H/40	H/50	H/40	H	H/50	H	H	H/40	H/40	H/40	H/40	H+	H+
9404	Mattresses	H/40	H/50	H/40	H/50	H/40	H	H/50	H	H	H/40	H/40	H/40	H/40	H	H/40
9406	Prefabricated buildings	50	H/50	50	50	50	50	H/50	50	50	50	50	50	50	50	50

**Notes:**

- 1 The FTA with Colombia, Peru and Ecuador is being applied provisionally, but has not yet been ratified by all parties.
- 2 Japan: Although the agreement only entered into force on 1 February 2019, tariffs on industrial goods were eliminated with immediate effect.  
The rules of origin applicable to vehicles and their parts are being phased in over 6 years, with 10 percentage points more non-originating content allowed in the initial 3 years, falling to 5 percentage points for the next 3 years.  
Where the Japanese agreement stipulates a value rule relating to the % of non-originating content allowed, it also has an alternative rule relating to the % of local content. To keep it simple, this table ignores that option.
- 3 Norway: This is the European Economic Area Agreement. The same rules will therefore apply to Iceland and Liechtenstein.

# ANNEX 10

## 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.
BAT	Best Available Techniques.
BSI	British Standards Institution.
CE	Conformité Européene. The mark applied to products to indicate that they conform with relevant EU directives regarding health and safety or environmental protection.
CEN	Comité Européen de Normalisation. One of the bodies recognised by the EU for agreeing EU harmonised standards, including for steel products.
	European Committee for Electrotechnical Standardization.
CHIEF	Customs Handling of Import and Export Freight. A CHIEF badge is needed to access the NES.
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)
CTC	Common Transit Convention. Facilitates shipping goods through the EU and other CTC countries.
ECHA	EU Chemicals Agency. The EU's REACH regulator.
EEA	European Economic Area. The Single Market covering the EU plus Norway, Iceland and Lichtenstein. The latter countries are not in the Customs Union.
EFTA	European Free Trade Agreement between Norway, Iceland, Liechtenstein and Switzerland.
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.
ETS	Emissions Trading Scheme.
EWC	European Works Council.
FCA	Facilitated Customs Arrangement. The UK's original proposals for minimising the customs controls on trade between the UK and EU. Will not apply under a No Deal Brexit.
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.
HSE	Health and Safety Executive.
IAS	International Accounting Standards.
ICO	Information Commissioner's Office.
IDP	International Driving Permit.
IED	The EU's Industrial Emissions Directive.
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.
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.
NANDO	New Approach Notified and Designated Organisations. The EU's database of conformity assessment bodies.
NES	National Export System. HMRC's electronic system for import/export documentation.
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	The EU regulation for the Registration, Evaluation, Authorisation and Restriction of Chemicals.
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.
SCS	Standard Contractual Clause – a way of complying with the GDPR after Brexit.
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 body that will investigate anti-dumping, anti-subsidy and safeguards complaints after Brexit.
TSP	Transitional Simplified Procedures, to be introduced by the UK after Brexit to facilitate importation.
UCC	Union Customs Code. A comprehensive framework for customs rules and procedures in the EU customs territory, including the use of digital solutions.
UKAS	UK Accreditation Service – for accrediting conformity assessment bodies in the UK.
UKCA	UK Conformity Assessed. Will replace the CE mark for affected goods sold in the UK.

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