

# Brexit impact analysis

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Version: 1

Status: Approved



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The purpose of this document is to provide an analysis of the new Brexit trade deal, formally known as the EU-UK Trade and Cooperation Agreement, with the goal of explaining the impacts of the changed regulatory environment to stakeholders in the recreational craft sector. Due to the nature of the agreement this document may not have covered all relevant aspects fully, it is after all 1200 pages long, or of course, changes may have been made to the agreement that make parts of this document obsolete. If you feel this document requires an update or if you have questions about how Brexit might impact you, please feel free to reach out to us at [brexit@emci-register.com](mailto:brexit@emci-register.com) and we will be happy to help.

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# 1. Introduction

On June 23<sup>rd</sup>, 2016, the UK people voted to leave the European Union (EU), the subsequent British government triggered article 50 and formally started the procedure of the UK exiting the EU. The UK formally left the EU in February 2020 but continued to operate against all the relevant legislation of the union, which would end on January 2021 whereby there would either have to be an EU-UK free trade agreement in place or the EU-UK trade relationship would be based on WTO rules. Now, about 7 days before the deadline, the EU and the UK have come to an agreement on a comprehensive free trade agreement. It has not been ratified by the European Council, European Parliament but this is scheduled to happen soon. Until then, the agreement will apply provisionally from January 1<sup>st</sup> 2021 until February 28<sup>th</sup> 2021, as a result, it will thus be the law of the land and binding from January 1<sup>st</sup> 2021, albeit provisionally. By then both institutions will have either had to sign off on the agreement or a no-deal Brexit will still occur. As of writing, it looks likely that the agreement will be approved in both institutions.<sup>1 2</sup>

The EU-UK Trade and Cooperation agreement (the agreement), about 1200 pages long, covers around 736 Billion euros<sup>3</sup> of mutual trade and contains important provisions for, among other things, the tariff and quota-free delivery of goods and services between the EU and UK as well as provisions for visa-free travel, goods-transport, free flow of capital and data, Rules of Origin, and much more. The agreement also has large impacts on the recreational craft sector trade between the EU and UK, it is thus crucial that there is an overview and analysis of the various changes stemming from the agreement. In this document, we will attempt to give a stakeholder-by-stakeholder analysis of the deal in order to break down what you need to know if you trade with the UK and how to take action.

*NOTE: This document will primarily look at the impact of EU businesses trading with the UK. A lot of the information that applies to EU businesses also apply to UK businesses, but certain important (potential) changes that only apply to UK businesses may not be covered in detail (for example the potentially more extensive GDPR compliance requirements)<sup>4</sup>*

Before we look at specifics it's important to step back as this agreement has some cross-sectoral implications that need to be discussed. First, this agreement does not represent the end of Brexit politics, or the 4 yearlong soap opera. We are merely entering the next season. The agreement contains several provisions that mean political haggling or outright diplomatic spats will continue to occur. Relevant for the recreational craft sector in this regard are the so-called 'level-playing field' provisions. These provisions are quite complicated but essentially come down to this: in some areas<sup>5</sup> the EU and UK will be forced to maintain comparable standards/regulations with minimal divergence. The UK will not be forced to maintain an equivalent legislative system in these areas but if the UK diverges too much from the EU's standards then an arbitration panel can allow the EU to take 'countermeasures', most likely tariffs. These provisions will thus most likely mean that UK business will not be able to gain large competitive advantages vis-à-vis their EU competitors (in the specific areas covered under the agreement) post-Brexit, provided the enforcement provisions work effectively. Another thing to note is that because the UK as left the EU it is no longer part of the EU's VAT regime. As a result, when you export something to the UK you will be required to pay UK VAT at the border.

The potential impact of certain areas of the agreement is not yet fully clear. There is, for example, no mutual recognition on conformity assessment or professional qualifications, the impact of this situation depends greatly on whether this will continue into the future or whether this will be fixed at a later date later. Another issue is how far will the UK diverge from the EU on areas outside the level playing field scope. Will they, for example, adopt completely different standards on recreational craft than those adopted in the EU or will they continue to use the comparable ISO standards. The answer to just this question could have a large impact on producers. After all, if the UK diverges largely, producers may be forced to abandon a profitable market or adopt two separate production lines, neither of which is desirable.

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<sup>1</sup> On the European side, the council has already provisionally approved the deal and the parliament

<sup>2</sup> On the UK side, both houses of parliament formally approved the Brexit deal on December 30<sup>th</sup> 2020.

<sup>3</sup> <https://www.bbc.com/news/uk-politics-55435930>

<sup>4</sup> <https://www.lexology.com/library/detail.aspx?g=85d74435-6ee3-4943-b6d1-f203591a39a7>

<sup>5</sup> Competition, Subsidies, SOE's, Taxation, Labour and social standards, Environment and climate.

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For this document, we will assess the impact of the agreement as it currently stands and discuss, per stakeholder, the impact of the agreement and the potential for divergence. Additionally, in Annex 1 you can find an overview of all relevant regulatory changes per subject.

## 2. Stakeholder analysis

### 2.1 Producers of goods

In this section, we want to take a look at producers of recreational craft-based goods. With this, we mean not just producers of recreational craft and personal watercraft but also producers of components & accessories hereto. These producers often sell goods themselves or through retailer/distribution networks all across the EU/EEA single market, which used to include the UK. Several changes affect producers of goods which must be taken into account if they wish to continue to sell their goods to the UK. Some of the changes discussed here will also affect other stakeholders, how these changes affect these stakeholders will be discussed in the relevant section.

The first fact is that the UK, from January 1<sup>st</sup>, 2021, is a third country. This will mean that when you sell and deliver goods to the UK you are exporting goods out of the single market, which has important ramifications for the procedures you need to follow.

#### Conformity assessment

Firstly, the conformity assessment of many goods destined for the EU/EEA single market is currently done via Notified Bodies through CE marking. The UK used to participate in this scheme and goods with this marking could be sold in the UK market. From January 1<sup>st</sup> 2022<sup>6</sup> this will stop. The UK is introducing a separate conformity assessment scheme, UKCA, which will be backed by its own conformity assessment legislation. UKCA has started operations already and there is currently only one UKCA 'RCD' Approved body in operation<sup>7</sup>. Producers of goods who want to export their goods to the UK need to check whether their goods fall in the scope of the new UKCA recreational craft legislation<sup>8</sup> and if so, get UKCA approval. Currently, UKCA approval follows the same standards and procedures (including the use of the various 'Modules') as RCD CE marking but this may change in the future. For the export of recreational craft goods not falling in the scope of the UKCA legislation, there is currently no known additional conformity assessment requirements.

#### Customs rules

Next, there are additional requirements relating to the export of goods. There will be customs checks and you will need to prepare documentation for the export/import. There will also most likely be higher costs and road-haulage operators are indicating that they are considering a 'Brexit surcharge'<sup>9</sup>.

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<sup>6</sup> A 1-year transition period has been agreed as part of the withdrawal agreement where EU products with CE marking can continue to be exported to UK. <https://www.gov.uk/guidance/using-the-ukca-mark-from-1-january-2021>

<sup>7</sup> <https://www.gov.uk/uk-market-conformity-assessment-bodies/hpi-ceproof-ltd>

<sup>8</sup> Recreational craft regulations 2017: <https://www.legislation.gov.uk/uksi/2017/737/contents/made>

<sup>9</sup> <https://www.lloydsloadinglist.com/freight-directory/news/DHL-to-apply-'Brexit'-surcharge-on-UK-EU-shipments/77505.htm#.X-sHRS1Q1hE>

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## Rules of origin

A specific rule that needs focus for producers of goods is the agreement's rules of origin provisions (RoO). The concept of RoO is common in free trade agreements and most likely familiar to producers selling goods outside the EU/EEA single market. The basic concept of RoO is that goods sold from the EU into the UK must be made, for a large part, with goods 'originating' inside the EU – and vice-versa. This means that when you are producing a good the value of materials that you used originating from outside the EU and UK may not exceed an X percentage. Let's look at an example:

The maximum percent of non-originating material you can use for a good is determined by what type of good it is and can be found in the agreement, this percent known as MaxNOM (Max non-originating material). This is calculated as follows:

$$MaxNOM = \frac{VNM}{EXW} \times 100$$

Where:

- VNM (Value non-originating material): The value of the non-originating materials used in the production of the product (calculated by its customs value at the time of importation)<sup>10</sup>.
- EXW: (Ex-works price) The price of a product, provided the price includes the value of all the materials used and other costs incurred in the production of the product, minus any internal taxes<sup>11</sup>.

So:

Let's say you are producing a craft that costs €5500 and you use the following amount for each component from a particular country:

- €2000 Chinese steel
- €200 American paint
- €50 German wiring
- €300 UK Glass
- €100 Mexican plastic

Then the total value of your non-originating goods is €2300.

*NOTE: Goods that are produced in any EU country or the UK do not count towards your non-originating materials.*

*NOTE: As the rules currently stand it looks likely that if you are using components in goods that are themselves non-originating (take Chinese engine dials) then the costs of the non-originating materials used in these components will count towards your VNM value<sup>12</sup>.*

*NOTE: There are exceptions which come into account depending on the weight of the non-originating materials (VNM) in relation to your total weight. Reach out to us at [brevit@emci-register.com](mailto:brevit@emci-register.com) and we can advise whether you qualify for these exemptions.*

If we use the above parameters, the calculation we showed earlier can be filled in and will result in:

$$MaxNOM = \frac{2300}{5500} \times 100 = 41.818$$

The MaxNOM for recreational craft is 40%<sup>13</sup> so in this scenario the craft does not comply with RoO rules. Provided producers of goods comply with the RoO rules there will be no tariffs on goods sold between the EU and UK, in this scenario a tariff would most likely be levied on this craft.

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<sup>10</sup> This is a shortened description, see ANNEX ORIG-1 for the full calculation and other parameters that you can use.

<sup>11</sup> See Above

<sup>12</sup> See ORIG-3 - 2

<sup>13</sup> ANNEX-ORIG-2 Chapter 89.

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Remember, for producers of components for recreational crafts there may be another MaxNOM value. You can reach out to us at [brexit@emci-register.com](mailto:brexit@emci-register.com) and we will be happy to help you with this. For producers, it's crucial to start work, if you have not already, on ensuring you can trace the non-originating products used in goods that you wish to export to the UK. In order to export goods to the UK with preferential tariff treatment, you will need to self-certify the MaxNOM figure and supply documentation hereof to the customs services. In the future goods that originate from other countries with which both the EU and the UK have a free trade agreement, such as Japan, may also be excluded from you VNM<sup>14</sup>.

### Delivery of goods

The delivery of your goods to the UK should continue unobstructed as the agreement contains provisions for the continuation of the transport of goods between the EU and the UK. It will be important to check with your transport operator in order to ensure you supply them with all the required information and, as discussed above, you are aware of any cost increases you may incur. Very significant delays at the border are currently not expected however as is the nature of export between customs areas, you may find shipments taking longer before Brexit.

### Authorized representatives.

Under the agreement and because of the nature of UKCA regulation when you export goods that fall under the UKCA scope (the same scope of RCD) to the UK can do this via an importer established in the United Kingdom, yourself, or via an authorized representative in the United Kingdom. It is not required to appoint an authorized representative in the United Kingdom under UKCA and GB RAMS rules<sup>15</sup>.

Because of EU Regulation 2019/1020, UK producers will need an authorized representative located within the EU when exporting their products to the EU. It is likely that in the future that the UK adopts an EU style Regulation and EU producers will then also need an authorized representative located in the United Kingdom. We recommend you start preparing for this eventuality already as it will save a lot of hassle down the road.

*NOTE: The authorized representative must be physically located in the UK. If you wish to install an EU authorized representative for CE marking, they must be physically located inside EU/EEA territory.*

### Other changes

Other changes related to producers of goods include the changes to the general business climate. These are for example changes relating to the performing of cross border payments. A full list of these changes can be found in Annex 1.

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<sup>14</sup> See UK-Japan Trade agreement:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/933987/uk-japan-cepa-rules-of-origin-explainer.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/933987/uk-japan-cepa-rules-of-origin-explainer.pdf)

<sup>15</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/947793/Guide-to-rams-regulations-2008.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/947793/Guide-to-rams-regulations-2008.pdf)



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## 2.2 Yacht service companies

In this section, we want to take a look at yacht service companies. Yacht service companies can broadly be defined as providers of any of the following services:

1. The reparation of a recreational craft
2. The general maintenance of a recreational craft
3. The refit of a recreational craft
4. The recycling of a recreational craft

Especially services 1, 3 and 4 can have a cross border nature to them as consumers or businesses seek out expert assistance or simply work with a yacht service provider that they are comfortable with in a specific EU member country, and move their craft to that region (the Mediterranean, for example, has several providers of specialized yacht refit services). Providers of these services need to take into account regulatory changes that may affect them. In general, however, there are no large new changes for yacht service companies.

### UKCA and split compliance

Under RCD when a craft that has been CE marked undergoes a major change it is subject to Major Craft Conversion (MCC) and is thus subject to re-approval by a Notified Body. Under UKCA this system is currently the same, for craft that are UKCA marked which undergo a MCC they must be re-certified by a UKCA approved body, this will be done against UKCA standards. It is thus crucial for yacht service companies to understand the regulatory framework under which work is performed and ensure they are able to work against two potentially separate lists of requirements should the UK diverge from the EU RCD standards.

### Visa-free travel

For yacht service companies performing repairs or maintenance services in the UK the so-called 'after-sales' services visa-free travel provisions apply. These provisions stipulate that providers of 'after-sales' services (such as install, repair, or maintenance) are allowed short-term business visa-free access. The following countries have made reservations on UK nationals travelling into their borders for repair services <sup>16</sup>:

- Austria
- Cyprus, Czech Republic (provided the visit lasts longer than 7 days in a month or 30 days in a calendar year.
- Spain
- Finland

You should check with these countries' national administrations on the visa requirements if applicable.

### Other changes

Other changes yacht service companies will face include the changes to the general business climate. These are for example changes relating to the performing of cross border payments. A full list of these changes can be found in Annex 1.

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<sup>16</sup> For a full explanation see the agreement ANNEX SERVIN-3 reservations on after sales services.

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## 2.3 Rental & tourism companies

In this section, we want to take a look at the impact of the agreement on rental companies. Rental companies are forming an increasingly important part of the Blue economy. Rental companies form an easy way to get on the water and have fun, without the need to have much prior experience or full licensing. Whether it be renting a complete boat for a week or just going out with a captain and having fun on the water for a day, rental companies can offer a solution. Seeing as around 67 million tourists visited the EU from the UK last year it is key that rental companies ensure they are clear on the changed regulatory environment so that they don't miss any opportunities. What's especially important is that seeing as the nature of Brexit is highly politicized and the agreements quite complicated that you can provide consumers with clear and concise information as they may very well not be able to find all the answers themselves.

### Visa-free travel

Tourists can continue to travel visa-free with no restrictions between the EU and the UK for up to 90 days every 180 days, there are no limits to this. Tour operators are also allowed entry into the UK on short term business trips, these are visa-free.

### Pet passports

One small detail that certain clients may need help with is the fact that they might want to bring their pets on holiday with them. It is important to understand that the rules for travel from the UK to the EU with pets have changed and new documentation will be required as the current EU pet passport is no longer valid. Instead, pets will need an animal health certificate (AHC). The rules for AHC can be seen here: <https://www.gov.uk/guidance/pet-travel-to-europe-from-1-january-2021>.

*Note: The rules for travel into the UK can be found here: <https://www.gov.uk/bring-pet-to-uk>*

*Note: These rules apply for guide dogs as well.<sup>17</sup>*

### Payments

Payments by clients can continue unobstructed and the UK will remain in the Single Euro Payments Area (SEPA).

### Other changes

Other changes rental companies will face include the changes to the general business climate. These are for example changes relating to the performing of cross border payments. A full list of these changes can be found in Annex 1.

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<sup>17</sup> <https://www.bbc.com/news/uk-41969672>

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## 2.4 ICT Service providers

As with all sectors the recreational craft has its fair share of innovative tech companies/platforms shaking up the market and offering a whole host of services that improve the performance of recreational craft businesses<sup>18</sup> or simply create a completely new service<sup>19</sup>. Many of these platforms will also, inevitably process personal data. There are specific changes in this regulatory field that need to be taken into account for ICT service providers.

### Personal data, GDPR, and digital services legislation

The EU, since the introduction of GDPR, knows some of the most stringent data regulations in the world. In general, the EU has to be considered an activist when it comes to the regulation of tech companies with not only GDPR but also the recently proposed digital services and digital markets act. Combined these three would amount to the EU possessing some of the stringent regulations of the digital market, and thus also for ICT service providers. The UK, perhaps to the contrary, has indicated it wishes to be a world leader in innovative software companies and appears to be looking at regulating down and diverging from the EU as a mechanism to do this.

The agreement has not offered a solution for how these two worlds can co-exist yet and until then a temporary mechanism has been agreed<sup>20</sup>. The mechanism is essentially a stopgap that will allow unobstructed EU-UK data flows for up to 6 months provided the UK does not make changes to its current data protection regulation (based on GDPR). After this 6-month period data flows from the EU to the UK will stop unless the EU has made an adequacy decision on the relevant UK legal acts in order to ensure they provide adequate levels of data protection.

The absence of an adequacy decision by the EU after 6 months may result in ICT service providers having to move data stored in UK servers through cloud providers such as AWS to servers located in the EU/EEA or having to comply with general principles for transfer as stipulated in the GDPR. This document will be updated in the event of changes. In the current state of play, there is no requirement for the UK to follow the EU's digital services act or digital market act under the 'level-playing field' provisions of the agreement.

*Note: Because the UK has approved the EU data protection regulations EU providers will continue to be able to process personal data of UK nationals.*

### Other changes

Other changes ICT Service providers will face include the changes to the general business climate. These are for example changes relating to the performing of cross border payments. A full list of these changes can be found in Annex 1. Additionally, if you provide blue tourism ICT services you should also take into account chapter 2.3 of this document.

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<sup>18</sup> Marina management systems for example.

<sup>19</sup> To provide an example of an ICT service provider take <https://www.sailsquare.com>. They are a provider platform in which you can book sailing holidays, clearly this platform processes data from individuals, potentially in the UK, and so will need to ensure it continues to comply with UK rules and of course EU rules.

<sup>20</sup> Article FINPROV.10A

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## 2.5 Marinas

In general, due to the business nature of marinas, there are no specific impacts that have not been discussed in the general tourism section (2.3). It is, of course, important for marinas to be aware of the changes in regulations from for example UCKA and the fact that there might be two compliance regimes to take into account when allowing craft into marinas.

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## 2.6 Surveyors

In this section, we want to have a look at the effects of the agreement on marine surveyors. Marine surveyors are tasked with performing a variety of survey/inspection tasks on recreational craft and marine surveyors, by nature, regularly operate outside of their home country. As a result of the internal market and the four freedoms, EU surveyors regularly perform survey services in the UK. These marine surveyors will face some (potential) changes in how they work and, unfortunately, due to the nature of the agreement, some short-term uncertainty.

### Temporary travel

A crucial subject area of the agreement for marine surveyors is the ability to move freely between their home country and a third country, the provisions of the agreement are make-or-break for the type of work marine surveyors perform. On this area the agreement contains the provision that visa-free movement between the EU and UK for up to 90 days every 180 days is allowed for short-term business trips, however, it is currently unclear whether marine surveyors fall under the list of authorized short-term business trips. The list of authorized short-term business trips is:

- Meetings and consultations
- Research and design
- Marketing research
- Training seminars
- Trade fairs and exhibitions
- Sales
- Purchasing
- After-sales of After-lease service
- Commercial transactions
- Tourism personnel

Technically some marine survey services could fall under the after sales category but otherwise no provisions for the short-term visits of marine surveyors exist. The potential result of this will be that marine surveyors need to apply for a short-term visa when visiting the UK or risk being refused access. There is further unclarity on this issue

### Restrictions on survey services

Another provision in the agreement ensures that<sup>21</sup>:

*Each Party shall allow the supply of services in its territory by contractual service suppliers or independent professionals of the other Party through the presence of natural persons, in accordance with Article SERVIN.4.4*

The only services with relevance to marine surveying services are<sup>22</sup>:

- Related scientific and technical consulting services (only when you are Contractual service supplier)
- Maintenance and repair of vessels (only when you are Contractual service supplier)
- Insurance and insurance related services advisory and consulting services

Marine surveyors, because they are independent professionals and not employees, cannot be contractual services suppliers.

### Can you work?

As of writing it is simply unclear. The agreement contains explicit provisions that parties agree to expand the list of activities which allow access to the visa-free short-term visit program. In the current writing it appears that a visa will be required for independent marine surveyors attempting to conduct work in the UK and EU. Based on the general provisions of the agreement it does appear as though marine surveyors can continue to operate in the UK market, however getting into the country is currently the problem. We will reach out to the UK Government and the EU commission to attempt to find clarity on this issue.

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<sup>21</sup> The agreement Annex SERVIN-4

<sup>22</sup> The agreement Annex SERVIN-4

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## Insurance

One thing you must take into account if you are going to work in the UK is the current state of our professional indemnity insurance. If your insurance covers work in any country or specifically the UK, then you can continue to operate without further action. However, if you have been relying on a policy that covers work only within the EU/EEA territory, then from January 1<sup>st</sup>, 2021 any work you perform in the UK will no longer be covered on account of the UK being a third country. If this is the case for you then you should reach out to your insurance company to adjust the policy.

## Other changes

Other changes surveyors will face include the changes to the general business climate. These are for example changes relating to the performing of cross border payments. A full list of these changes can be found in Annex 1.

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## 2.7 Brokers

In this section we want to have a look at the impact of the agreement on yacht brokers. Yacht brokers serve as an intermediary between clients and sellers and facilitate the purchase of recreational craft. As a result, they also ensure that certain legal requirements of the purchase are handled correctly (for example that the craft has CE marking) and often also provide escrow services. In general, because brokers work locally the impact of the agreement is minimal, there will however inevitably be some cross-border impacts stemming from foreign clients and specifically for these situations' brokers need to take into account the changed import/export procedure.

### Import/Export procedures

If you are facilitating the purchase of a craft from the UK to the EU or vice-versa then the craft is formally being imported. As part of your services clients may ask you for the ramifications for this or to handle the legal paperwork and actions for the import/export of a craft. As part of this you will need to ensure the following:

- The required customs papers are in order
- Ensure the required compliance procedures for the product are followed, including RCD/UKCA PCA if necessary
- Inform the client of any required tariffs to be paid, if applicable
- RoO rules compliance

The import/export will be done under the name of the clients. For the specific requirements of importing/exporting a craft check your national governments Brexit portal.

### Other changes

Other changes brokers will face include the changes to the general business climate. These are for example changes relating to the performing of cross border payments. A full list of these changes can be found in Annex 1.

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## 2.8 Notified bodies

In this section we want to have a look at the impact of the agreement on notified bodies (NoBo's).

### UKCA and current notified bodies

The impact of UKCA felt by NoBo's depends on the context and scope of the specific NoBo. Smaller NoBo's and those operating in a single EU member state will not experience significant disruptions to their *services* however if they are not a UKCA approved body they will potentially lose clients to other NoBo's that are both EU Notified and UK Approved, as these offer a competitive advantage.

The UKAS will remain a part of the European Accreditation cooperation (EA) and remain a signatory to its agreements<sup>23</sup>. As a result, providing that you can facilitate a UK address, it should be manageable for EU NoBo's (provided they are ISO/IEC 17065:2012 accredited) to also become UK approved.

*NOTE: For notified bodies that wish to become UKCA approved it will be required to maintain an accreditation with two separate accreditation bodies (UKAS and an EEA body) as the UKAS is no longer recognized as a 'national accreditation body' as defined in regulation 765/2008.*

### Information for clients

Due to the nature of the Brexit agreement, there are still a lot of unclarities. Even officials at the European Commission or NoBo's themselves are not sure of all the ramifications let alone clients. As a result, and preferably through RSG, NoBo's need to ensure they are aware of the impact and changes stemming from the Brexit agreement and assists, where possible and allowed, to answering their questions.

### UK MRA on conformity assessment/RCD

EU NoBo's should, through the relevant sectoral organizations, continue pushing for a UK Recognition of RCD and the certificates of NoBo's. This would save EU & UK business significant additional administrative and financial investments. The UK indicated during the negotiations that it would be open an MRA style agreement. With its newfound sovereignty the UK could take this action to reduce the administrative burden on businesses.

It is, however, unlikely, as the primary purpose of Brexit was to "take back control". It seems unlikely that the UK government will give it up so quickly...

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<sup>23</sup> <https://www.ukas.com/wp-content/uploads/2020/12/EA-UKAS-MLA-Statement-06Nov2020.pdf>



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## 2.9 Distributors, web-shops, retailers e.tc...

In this section we want to have a look at the impact of the agreement on distributors, web-shops retailers and other comparable service providers. In general, these providers can continue to operate as they have been doing before Brexit, albeit now in a changed regulatory environment with more paperwork and potentially more costs relating to border customs, shipping and payments. There is however one provision of the agreement that we want to highlight. The nature of these types of service providers is that their core business consists of moving a large volume of goods, that are not produced by themselves (if you do produce goods yourself see also part 2.1), which need to be sold to clients or moved to sales networks. The agreement contains a potential provision that should allow easier checks at the border and less delays that is worth investigating:

### Authorized economic operators

Article CUSTMS.9 specifies that the EU and UK shall recognize each other's authorized economic operator (AEO) schemes. An AEO scheme allows any company that regularly ships goods outside of the EU to apply for recognition and once recognized will enjoy a host of benefits such as fewer document controls, prior notification, possibility to request a specific location for customs controls, and a better relationship with customs and government authorities. You can find more information on the EU AEO scheme here: [https://ec.europa.eu/taxation\\_customs/general-information-customs/customs-security/authorised-economic-operator-aeo/authorised-economic-operator-aeo\\_en#criteria](https://ec.europa.eu/taxation_customs/general-information-customs/customs-security/authorised-economic-operator-aeo/authorised-economic-operator-aeo_en#criteria).

And the UK AEO Scheme here: <https://www.gov.uk/guidance/authorised-economic-operator-certification>

It is recommended to apply to become an AEO or to use a haulage operator who is already an AEO in order to ensure easier customs procedures.

### Other changes

Other changes distributors, web-shops retailers and other comparable service providers will face include the changes to the general business climate. These are for example changes relating to the performing of cross border payments. A full list of these changes can be found in Annex 1. Additionally, there are some changes to ICT service providers that we have discussed in part 2.4 of this document.

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## 2.10 Trade shows

In this section we want to take a look at the impact of the agreement on tradeshow.

### Travel restrictions

There is actually only one thing that needs to be mentioned for trade shows. Visa-free short-term travel has been allowed by the UK and almost all EU countries. Two countries have lodged restrictions, these countries are:

- Austria
- Cyprus

With the restriction that a work permit, including an economic needs test, is required for activities beyond seven days in a month or 30 days in a calendar year. These restrictions apply only to UK nationals and companies but should be taken into account when planning trade shows and informing clients.

### Other changes

Other changes trade shows will face include the changes to the general business climate. These are for example changes relating to the performing of cross border payments. A full list of these changes can be found in Annex 1.

# Annex 1: Important measures of the agreement

Name	Location
<b>Free flow of capital and payments</b>	<p>Payments between EU and UK business and private individuals are expected to be mostly unaffected by the Brexit trade deal. The agreement contains stipulations on the free flow of capital and the UK will remain a part of the Single Euro Payments Area (SEPA). There may be some initial disruptions as final preparations need to be made and clients may need to provide additional information to bank.</p> <p>Applies to: general application</p>
<b>Visa free travel &amp; pet passports</b>	<p>The agreement facilitates visa free travel for some short-term business purposes and tourists.</p> <p>Pet passports are no longer allowed for UK pets taken to the EU, a separate AHC certificate will be required. See 2.3 for more information on the AHC certificate.</p> <p>Applies to: general application</p>
<b>Rules of origin</b>	<p>Producers and Exporters of goods will need to show compliance with Rules of Origin (RoO) for their goods. RoO rules determine how much of a product can originate outside of the EU and UK when produced. If you use too much non-originating materials, you will be subject to tariffs when exporting your good.</p> <p>Applies to: Producers and Exporters</p>
<b>Delivery of goods</b>	<p>The delivery of goods should continue relatively unobstructed post-Brexit. Provisions have been agreed on the delivery of goods and exporters will continue to operate. There will however be additional paperwork and potentially additional costs stemming from higher fees or tariffs if products do not comply with RoO rules.</p> <p>Applies to: producers, exports, distributors, web-shops, retailers e.t.c.</p>
<b>ICT and data storage provisions</b>	<p>The agreement contains provisions on the storage of data. See 2.4 for more information on these provisions.</p> <p>Applies to: ICT Service providers</p>
<b>Authorized economic operators</b>	<p>Exporters and transporters are recommended to apply for the authorized economic operator (AEO) status in order to receive favorable customs treatment/benefits and a lower risk score by customs authorities. All economic operators who export to the UK can apply for this status, you can also use a transport operator who is already appointed as an AEO.</p> <p>Applies to: Producers, exporters and transport operators</p>
<b>UKCA and separate conformity assessment</b>	<p>From January 2022 CE marking will no longer be valid in the UK. The UK has replaced CE marking with UKCA marking, which is in its current state a copy of CE marking. Only UKCA approved bodies can now certify your craft for the UK market. UKCA marked craft will need additional CE marking to be allowed on the EEA market.</p> <p>Applies to: Recreational Craft Directive 2013/53/EU Stakeholders</p>
<b>Tariff &amp; quota free trade</b>	<p>The agreement provides for tariff and quota free trade on all goods provided they comply with RoO requirements.</p> <p>Applies to: goods exporters</p>

<b>Air travel</b>	<p>The agreement contains provisions that will allow seamless air travel to continue. Travellers between the EU and the UK will need a passport.</p> <p>Applies to: general application</p>
<b>Insurance</b>	<p>If you work in the UK and are based in the EU or vice-versa you will need to check whether your insurance policy covers these activities and adjust where necessary.</p> <p>Applies to: general application</p>
<b>Services</b>	<p>The agreement contains general provisions on services however these need to be further worked out. There is no recognition of qualifications and there is uncertainty over whether certain recreational craft-based services, specifically marine surveying, can continue and against which legal framework this will be conducted.</p> <p>Applies to: general application</p>
<b>VAT</b>	<p>Due to the UK no longer being part of the EU it is also no longer part of the EU's VAT Regime. As a result, when you export a good to the UK you will be required to pay UK import VAT.</p> <p>More information on the new UK VAT Regime:  <a href="https://www.icaew.com/brexit/uk-vat-after-the-transition-period">https://www.icaew.com/brexit/uk-vat-after-the-transition-period</a></p> <p>Applies to: general application</p>

## Annex 2: Useful resources

Name	Link
EU Trade helpdesk	<a href="https://trade.ec.europa.eu/access-to-markets/en/content/">https://trade.ec.europa.eu/access-to-markets/en/content/</a>
EU Commission Brexit press release.	<a href="https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/draft-eu-uk-trade-and-cooperation-agreement_en">https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/draft-eu-uk-trade-and-cooperation-agreement_en</a>
EU Getting ready for Brexit page	<a href="https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/getting-ready-end-transition-period_en">https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership/future-partnership/getting-ready-end-transition-period_en</a>
EU-UK Trade and Cooperation agreement in full.	<a href="https://ec.europa.eu/info/sites/info/files/brexit_files/info_site/tca-20-12-28.pdf">https://ec.europa.eu/info/sites/info/files/brexit_files/info_site/tca-20-12-28.pdf</a>
UK Government advice on what to know in order to place goods on UK Market from Jan 2021.	<a href="https://www.gov.uk/guidance/placing-manufactured-goods-on-the-market-in-great-britain-from-1-january-2021">https://www.gov.uk/guidance/placing-manufactured-goods-on-the-market-in-great-britain-from-1-january-2021</a>
EU Commission advice specific to RCD stakeholders regarding Brexit	<a href="https://ec.europa.eu/info/sites/info/files/brexit_files/info_site/recreational-watercraft_en_0.pdf">https://ec.europa.eu/info/sites/info/files/brexit_files/info_site/recreational-watercraft_en_0.pdf</a>
EU Commission 'How to prepare for Brexit; Customs guide for businesses'	<a href="https://ec.europa.eu/taxation_customs/sites/taxation/files/leaflet-brexit-customs-guide-for-businesses_en.pdf">https://ec.europa.eu/taxation_customs/sites/taxation/files/leaflet-brexit-customs-guide-for-businesses_en.pdf</a>
UK Government replacement/identical copy of RCD 2013/53/EU in full. This law applies after the transition period.	<a href="https://www.legislation.gov.uk/uksi/2017/737/contents/made">https://www.legislation.gov.uk/uksi/2017/737/contents/made</a>
EU Commission advice to all stakeholders on Brexit.	<a href="https://ec.europa.eu/growth/content/brexit---guidance-stakeholders-impact-field-industrial-products_en">https://ec.europa.eu/growth/content/brexit---guidance-stakeholders-impact-field-industrial-products_en</a>
UK Summary of the EU-UK Trade and Cooperation agreement.	<a href="https://www.gov.uk/government/publications/agreements-reached-between-the-united-kingdom-of-great-britain-and-northern-ireland-and-the-european-union/summary-explainer#introduction">https://www.gov.uk/government/publications/agreements-reached-between-the-united-kingdom-of-great-britain-and-northern-ireland-and-the-european-union/summary-explainer#introduction</a>
UK Government advice on using the UKCA mark	<a href="https://www.gov.uk/guidance/using-the-ukca-mark-from-1-january-2021">https://www.gov.uk/guidance/using-the-ukca-mark-from-1-january-2021</a>
Information on EU-UK SEPA Payments	<a href="https://www.europeanpaymentscouncil.eu/news-insights/news/brexit-1-january-2021-onwards-get-ready-end-transition-period">https://www.europeanpaymentscouncil.eu/news-insights/news/brexit-1-january-2021-onwards-get-ready-end-transition-period</a>
UK Guidance on their version of RCD (Recreational Craft Regulations 2017)	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938307/Guide-to-recreational-craft-regulations-2017.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938307/Guide-to-recreational-craft-regulations-2017.pdf</a>

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<b>UK Guidance to their conformity assessment, surveillance and accreditation legislative framework</b>	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/946781/Guide-to-whats-changed-product-safety-and-metrology.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/946781/Guide-to-whats-changed-product-safety-and-metrology.pdf</a>
<b>EU Q&amp;A on the agreement</b>	<a href="https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_2532">https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_2532</a>
<b>EU FAQ on taxes and customs procedures post Brexit</b>	<a href="https://ec.europa.eu/taxation_customs/sites/taxation/files/2021-brexite-top-50-faq.pdf">https://ec.europa.eu/taxation_customs/sites/taxation/files/2021-brexite-top-50-faq.pdf</a>
<b>EU Information on authorized economic operators</b>	<a href="https://ec.europa.eu/taxation_customs/general-information-customs/customs-security/authorised-economic-operator-aeo/authorised-economic-operator-aeo_en#criteria">https://ec.europa.eu/taxation_customs/general-information-customs/customs-security/authorised-economic-operator-aeo/authorised-economic-operator-aeo_en#criteria</a>
<b>EU Information on pet passports</b>	<a href="https://ec.europa.eu/food/animals/pet-movement_en">https://ec.europa.eu/food/animals/pet-movement_en</a>

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# Annex 3: Changes

Version	Changes
1	Initial version