PITA PAPERmatters! 2018 Conference & Exhibition at Lancaster University

Brexit: What next for the UK’s Paper-based Industries?

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Confederation of Paper Industries (CPI)

Andrew Large is the Director General of the Confederation of Paper Industries (CPI), the trade association for the UK’s Paper-based Industries, which represents the interests of businesses contributing £11.5 billion to the UK economy and supporting over 140,000 jobs.

Before joining CPI, Andrew worked for both the UK Government and the European Commission, enjoyed a spell at British Steel and since 2002 has been full time in UK trade associations representing construction, commercial cleaning services and most recently poultry meat.

Andrew believes passionately in the role of trade associations in civil society and teaches seminars on association chairmanship for the Trade Association Forum. He was privileged to serve as chairman of TAF from 2008 to 2011.

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CPI
The voice and face of the UK’s Paper-based Industries

Brexit
What next for the UK’s Paper-based Industries?
Brexit: Contents

- Brexit: Why?
- Brexit Timeframe
- Brexit State of Play
- Planning for No Deal

Brexit: Why?

Global income growth from 1988 to 2008

- Rising incomes in emerging economies, mainly China
- Very poorest locked out of growth
- Booming global elite
- Decline of developed world middle-class
## Brexit Timeframe

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autumn 2018</td>
<td>Brexit Bills on Trade and Customs to finish UK Parliament debate and pass into law</td>
</tr>
<tr>
<td>18th October 2018</td>
<td>European Council: first chance to secure agreement on Withdrawal Treaty</td>
</tr>
<tr>
<td>Mid November 2018</td>
<td>Likely date of emergency European Council</td>
</tr>
<tr>
<td>13th December 2018</td>
<td>Last possible date of agreement at a European Council</td>
</tr>
<tr>
<td>21st January 2019</td>
<td>UK Government deadline to report to Parliament on strategy for “No Deal”</td>
</tr>
<tr>
<td>29th March 2019</td>
<td>UK leaves the EU or negotiations are extended if all 28 countries and Commission and European Parliament agree. Transitional period envisaged to begin. Talks start on long term relationship.</td>
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<tr>
<td>23rd to 26th May 2019</td>
<td>European Elections – UK MEPs cease to exist</td>
</tr>
<tr>
<td>31st December 2020</td>
<td>End of Transitional Period</td>
</tr>
</tbody>
</table>

Source: BBC
Brexit State of Play – EU side

Future relationship

- No deal

Brexit State of Play – UK side

1. Common Rule Book
2. Joint Jurisdiction
3. Facilitated Customs Arrangement
4. End of Free Movement

Source: BBC
After Salzburg 20th September

Chequers or No Deal!

No to Chequers!

A piece of cake, perhaps?

Sorry, no cherries.

10:18 AM - 20 Sep 2018
Planning for No Deal

BREXIT

Impact of Uncertainty

GDP growth and forecasts for G7 countries

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2016</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>2.6%</td>
<td>1.5%</td>
<td>2.4%</td>
</tr>
<tr>
<td>US</td>
<td>2.4%</td>
<td>1.5%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Germany</td>
<td>1.6%</td>
<td>1.9%</td>
<td>2.1%</td>
</tr>
<tr>
<td>France</td>
<td>0.7%</td>
<td>1.1%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Italy</td>
<td>0.2%</td>
<td>1.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Japan</td>
<td>0.3%</td>
<td>1.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>UK</td>
<td>3.1%</td>
<td>1.8%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>
If There Is A Deal...

1. UK exits EU on 29th March 2019
2. Implementation period allows managed transition to end 2020
3. Negotiations on long term trade relationship during this time
4. Move to long term position 1/1/21

Planning for No Deal

UK paper is vulnerable to the effect of a No Deal Brexit.

- Cross EU ownership,
- Supply of capital, machinery, raw materials,
- customer base
- to an extent labour.

No Deal could lead to overnight change of circumstances. This is where businesses can engage in “least regrets planning”
Trade

Tariff
A tax or duty that a government charges on goods coming into or going out of their country

Logistics

• Operation Stack
• Use M20 to queue
• Once full use Manston Airfield
• Lorry delay 4-6 hours in 2015
• Operation Brock?
• Dover predicts 15+ mile queues

• Stockpiling? Shutdowns?
• Lorry capacity?
• Alternative ports?
• Driving Licences?
KEY AREAS

- Commercial Invoice
- Customs Value Declaration
- Freight documents
- Bill of Lading
- FIATA Bill of Lading
- Road Waybill
- Air Waybill
- Rail Waybill
- ATA Carnet
- TIR Carnet
- Freight insurance
- Packing list
- Single Administrative Document (SAD)
- Documents associated with the SAD


- Information on the exporter and the importer (name and address)
- Date of issue
- Invoice number
- Description of the goods (name, quality, etc.)
- Unit of measure
- Quantity of goods
- Unit value
- Total item value
- Total invoice value and currency of payment. The equivalent amount must be indicated in a currency freely convertible to Euro or other legal tender in the importing Member State
- The terms of payment (method and date of payment, discounts, etc.)
- The terms of delivery according to the appropriate Incoterm
- Means of transport
Customs

Supply Chain Exposure to Brexit
Supply Chain Exposure to Brexit

Regulatory Stability

Etc, etc, etc…ad infinitum
Legal and Contract Certainty

Employment
Conclusions

• What can your businesses control and/or influence?
• What is most likely to cause an impact?
• Which impacts would be most damaging?

• Need to Plan for No Deal NOW!