

BREXIT AND THE BLACK COUNTRY





INTRODUCTION

On 23rd June 2016, the United Kingdom electorate voted to leave the European Union. In March 2017, the UK government triggered Article 50, which officially began the process of the UK's withdrawal from the EU. Negotiations have since taken place between representatives of both sides, attempting to agree as harmoniously and mutually beneficial a withdrawal as possible.

In December 2017, phase one of the negotiations ended with preliminary agreements on citizen's rights, the UK's financial settlements to previously agreed European projects and commitments to prevent a hard border on the island of Ireland.

The UK will officially leave the EU on March 29th 2019 and enter a transitional arrangement. The transitional arrangement will end on 31st December 2020, with ambitions in the British negotiating team to have signed a conclusive free-trade agreement by this date. During this process of transition from an EU Member State to a Third Country, it is imperative that Black Country businesses and the public are provided with much-needed clarity by relevant stakeholders. As European Direct Information Centre (EDIC) for the Black Country, the Black Country Chamber of Commerce will endeavour to provide this clarity in a range of ways, including holding events, releasing reports, providing links to relevant sources and staffing a mobile walk-in centre.

CORIN CRANE BLACK COUNTRY CHAMBER OF COMMERCE

"From conversations we had with our members before the referendum, and in many policy-orientated discussions thereafter, there remains a huge amount of uncertainty for Black Country businesses in terms of a future trading relationship and a post-Brexit immigration system. We know that EU-born workers are employed at various levels in key industries across the region. EU-born workers have filled vacancies that the UK-born workforce could not in many instances, with some members feeling that they have exhausted their local skills pipeline and are forced to look further afield. Of course, for members who have taken advantage of the freedom of movement of labour, there are concerns over how business-friendly any post-Brexit immigration system will be. That's why, as a Chamber, and EDIC, we will continue our push to provide clarity and an efficient signposting service for our members who need clear solutions to the problems they face in their respective sectors.

"In terms of a future trading relationship, we know that in the manufacturing and engineering sector, and particularly the automotive and aerospace sectors, the Black Country takes advantage of intricate, protected European supply chains that will need to stay seamless after the UK leaves the Single Market and Customs Union for those industries to continue to operate viably in their respective global markets."



NEIL LLOYD FBC MANBY BOWDLER

"FBC Manby Bowdler have been supporting manufacturers in the Black Country for almost 200 years, and whilst developments mean the type of manufacturers we support are completely different than those in the past, the importance of manufacturing and engineering to our region has never been so high as it is today. The advice we provide covers several different areas including Contract, Data Protection & Employment Law, Litigation and Commercial Property. With Brexit on the horizon, a great deal of our conversations with customers are now spent on this topic. Our customers want to understand their legal position on different issues. As much as we can advise on various scenarios, we are very conscious that what we and our customers need is clarity from government so strategies can be fixed and decisions made with certainty.

"We're pleased that the Black Country Chamber of Commerce has succeeded in its bid to become the Europe Direct Information Centre for the region and hope that the information provided will go some way to helping businesses in the region make informed decisions."



ALEX DE RUYTER CENTRE FOR BREXIT STUDIES

"With the Black Country strongly dependent on its world-class advanced manufacturing sectors, the government's own figures suggest the region will be hit hard in the event of a 'no deal' with Brussels. The Government is slowly moving to provide certainty and clarity on Brexit, with the announcement of an 'agreement' on a transition period after March next year with the EU. As it stands though, the deal is dependent on a final agreement with the EU expected to be reached towards the end of the year. So, there is no time for complacency and Black Country businesses will still need to consider contingency scenarios in the event of 'no deal'. Our manufacturing sector also relies strongly on EU workers, so it is reassuring to see their status in the UK continuing to be upheld during the transition period."

BREXIT AND THE UK LABOUR MARKET

Given the result of the referendum, and the prominence of taking back control of borders and immigration policy, Brexit will have a direct effect on the UK labour market. The freedom of movement of labour has allowed for many years, UK businesses to employ workers from across the EU with minimal complications in terms of visas and work permits. On a national level, concerns have been raised by various sectors including Agriculture, Food and Drink Manufacturing, the Hospitality and Catering sector and Manufacturing and Engineering.


Based on conversations we have had with Black Country businesses, we are aware that drastic changes to the UK's immigration policy without due consultation could have adverse consequences on businesses across the region. We are also aware that some employers may not be hindered at all by changes to the UK's immigration policy. However, from sessions we have held with the Migration Advisory Committee, various businesses across the Black Country will suffer as a direct result of losing access to EU migrant labour. That is why the Black Country Chamber, in line with the British Chambers of Commerce, are calling for a common-sense, business-friendly approach to a future, post-Brexit immigration system. We are also aware that EU workers are employed at all levels and across various sectors. Many EU workers in the Black Country manufacturing sector are highly-skilled engineers or management level employees.

In terms of statistics, the manufacturing sector in the West Midlands has an EU-born workforce of 14%. According to the EEF, the national manufacturing average is 10% for EU-born workers, so this region ranks slightly above average. EU nationals have a considerably higher employment rate (81.2%) than non-EU nationals (63.2%) and UK-born workers (75.6%) according to the Office for National Statistics.

We can support you, so if you have any questions about the future of the labour market post-Brexit please contact us on 01902 912 336 or email us on europedirect@blackcountrychamber.co.uk

For more information on regional manufacturing statistics, visit <https://www.eef.org.uk/campaigning/campaigns-and-issues/manufacturing-facts-and-figuresw>

THE WEST
MIDLANDS
MANUFACTURING
SECTOR AN HAS
EU-BORN
WORKFORCE
OF **14%**



IN 2015
THE PERCENTAGE OF
BLACK COUNTRY
EXPORTS TO THE EUROPEAN
WHICH WENT TO THE **UNION**
WAS **60%**

UNITED KINGDOM AND EUROPEAN UNION FUTURE TRADING RELATIONSHIPS



As a member of the European Union, the United Kingdom currently enjoys membership of the EU Single Market and benefits from the removal of tariffs on EU goods through a customs union arrangement. The United Kingdom electorate however, voted to leave both institutions. The government have committed to a series of red lines during the withdrawal process with both the Single Market and Customs Union including this.

In 2015, the percentage of Black Country exports that went to the European Union was 60%. Germany is the Black Country's largest export market at 12% of total exports, with the USA and Ireland joint second at 9% respectively. Out of the Black Country's top ten export destinations, eight of them are in the European Union.

That is the 9th highest of all LEP areas in terms of trade with the EU and is substantially higher than the other West Midlands Combined Authority LEP areas (GBSLEP: 45% and CWLEP: 29%). About 43% of UK exports in goods and services went to other countries in the EU in 2016 (48% of goods).

Therefore it is imperative for Black Country businesses that a deal is achieved which is as frictionless as possible when the official transition period ends on 31st December 2020.

For more information about international trade please contact us on 01902 912 336 or email us on europedirect@blackcountrychamber.co.uk

Further information on trade statistics can be found at <https://www.uktradeinfo.com/Statistics/RTS/Pages/default.aspx>



WHAT IS THE CUSTOMS UNION?

The EU Customs Union is another economic agreement, this time in the form of a customs arrangement. The basic pretence of a customs agreement or customs arrangement, is that members of the union agree to abolish tariffs between one another, whilst setting a collective agreement on tariffs for imports by non-members of the customs agreement - otherwise known as a common external tariff. The fundamentals of agreeing a common import tariff with European neighbours became a central argument during the Brexit referendum and as of May 2018, remains a sticking point in both Houses of Parliament in terms of what type of customs arrangement the United Kingdom is seeking with the European Union.

For more information on the EU Customs Union, visit the EU Commission website and read how potential changes could affect your business https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/customs-unions_en

Information on the Customs Union can also be found at <https://fullfact.org/europe/how-eu-works-what-customs-union/>

WHAT IS THE SINGLE MARKET?

The EU Single Market, sometimes called the internal market, is an economic structure which was initially designed to make trade as easy across borders as it was inside them. To be a member of the Single Market however, members must accept the four freedoms of the European Union. The four freedoms consist of goods, services, capital and people. As a defining factor of the UK referendum on EU membership was control of its own borders and immigration policy, it was decided not to remain a member of the Single Market. The Single Market is considered by many to be an ongoing project, one that is still evolving and in relative infancy. The Single Market was born out of European Economic Community (EEC) treaties for the removal of trade barriers in 1957. In specific cases, such as public policy, public security and public health, national rules would be allowed to stand as priority over the agreed rules of the Single Market.

More information on the EU Single Market can be found here https://ec.europa.eu/growth/single-market_en

PLANNING FOR ALL EVENTUALITIES

In March, the British Chambers of Commerce released a Business Brexit Checklist. The checklist covers a range of eventualities concerning the UK's withdrawal from the EU, from customs checks and certificates of origin, to futureproofing workforces due to changing immigration policy. The British Chambers of Commerce also commissioned a study with the Port of Dover in April 2018. The survey found that one in three businesses who will be affected by the implementation of any new customs agreement between the UK and EU had no contingency plans in place. Along with business support organisations including the Institute of Directors (IoD) and the Confederation of British Industry (CBI), the British Chambers of Commerce are urging businesses across the Chamber network to identify potential threats to their business due to Brexit.

For more information on the Business Brexit Checklist, visit https://www.blackcountrychamber.co.uk/images/Have_Your_Say/Business_Brexit_Checklist.pdf

BREXIT AND EU WORKERS' RIGHTS IN THE UNITED KINGDOM

WHY DOES THIS MATTER?

Freedom of movement is a central tenant of Article 45, the Treaty on the Functioning of the European Union. Freedom of movement also applies, in general terms to three of the European Economic Area (EEA) countries: Iceland, Liechtenstein and Norway. The principles of freedom of movement are listed below:

- Find a job in another EU state and work there without needing a work permit
- Reside there for that purpose
- Stay there even after employment has finished
- Enjoy equal treatment with nationals in access to employment, working conditions and all other social and tax advantages

As the UK has voted to leave the European Union, the Single Market and Customs Union, freedom of movement will now cease to apply to the UK when the transition period prospectively ends on 31st December 2020.

The government have claimed that there will be no change to the status or rights of EU citizens who arrived in the UK before the referendum vote.

As part of the initial phase of negotiations, a common understanding was reached on reciprocal rights of EU citizens in the UK and UK citizens living elsewhere in the EU.

Information on EU citizen's rights can be found here https://ec.europa.eu/unitedkingdom/services/your-rights/Brexit_en

EU-born workers in the United Kingdom should also contact their local EDIC if they have specific concerns about Brexit on the phone number or email address listed in this document.

The UK government has provided citizens with this handy 'case study' guide to migration from the EU <https://www.gov.uk/government/case-studies/example-case-studies-eu-citizens-rights-in-the-uk>

FREEDOM OF
MOVEMENT IS A
CENTRAL
TENANT OF ARTICLE
45

WHAT HAPPENS NEXT?

At the time of printing, although the first phase of negotiations is over, discussion continues on the intricacies of EU citizens' rights, the financial settlement and the question of the border in Northern Ireland. There remains a host of other sticking points as well. Fundamental questions around future trading relationships, the details of a post-Brexit immigration system, membership of EU agencies, access to financial markets and the loss of passporting rights for the UK's financial sector remain unanswered. We will continue to work with strategic partners, including the Black Country Local Enterprise Partnership, regional Chambers of Commerce and the British Chambers of Commerce to lobby on behalf of Black Country business.

EDIC Black Country will endeavour to help respond to all queries as quickly as possible. Once we have gathered some context on the specifics of a query, we will use our extensive database of materials, resources and contacts to find the best possible solution. We will be holding a series of medium sized and small events, and taking our EDIC 'drop-in' centre around the Black Country. We also hope to engage with community groups in the region to provide clarity over the coming months.

If you have any questions or comments on anything in this document or on Brexit related topics please contact us today.

GET IN TOUCH

EDIC Black Country will be travelling across the four boroughs of the Black Country to various premises to help the drive for clarity in the region. Contact us via email, telephone and keep up to date with our planned events to make sure we can help and engage with you and your business.

Email: europedirect@blackcountrychamber.co.uk

Tel: 01902 912 336

Web: blackcountrychamber.co.uk/policy-campaigns/europe-direct-information-centre

Please note this publication and content was correct at the time of going to print but changes may have occurred since this time in the Brexit negotiations



ABOUT EUROPE DIRECT INFORMATION CENTRES

Europe Direct Information Centre's (EDICs) are a network of signposting organisations located across the European Union. EDICs are EU Commission-funded and engage with businesses and the general public on issues of importance relating to the European Union. The aims and objectives of EDICs are to provide answers for their local citizens and businesses, utilising their access to extensive resources and materials, as well as useful links to the EU Commission itself. EDICs are also relied upon by the EU Commission to understand the feeling of EU citizens on the ground, to promote the work the EU is doing in respective regions and feed back to the EU Commission on matters of importance.

