

What does it mean to be outside the EU?

Key Facts

1

The UK left the EU on 31 January 2020

2

A transition period will last from 1 February to 31 December 2020 while nothing will change for businesses

3

A Free Trade Agreement between the UK and the EU is being negotiated and is planned to come into force on 1 January 2021

The UK becomes a “third country”

The UK has left the EU and will fully leave the EU's structures by the end of the year. UK businesses will trade as coming from a “third country”, a country outside the EU. This means that from 2021, doing business with partners and consumers in the EU will be different. Trade with the EU will be governed by a different set of rules and customs procedures. Government, people and businesses will no longer be bound by, and benefit from, EU rules, and people will no longer be able to move freely between the UK and the EU.

The separation process takes place in three phases:

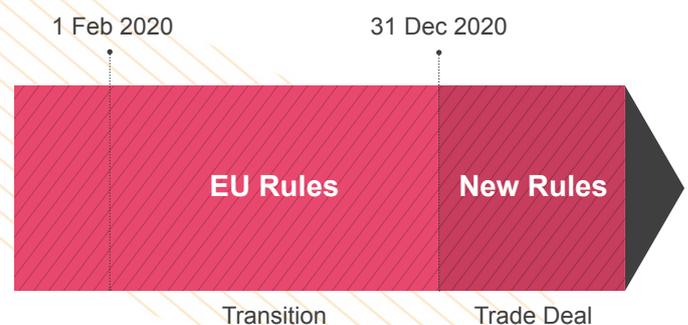
- Phase 1: The Withdrawal Agreement, which lists the terms of leaving (e.g. monies due, citizens' rights, Northern Irish border), has entered into force
- Phase 2: During a “transition” period, the UK and the EU are negotiating future access to each other's markets while businesses will continue to trade under the rules of the EU internal market (the “Single Market”)
- Phase 3: An UK-EU Free Trade Agreement will define the terms of access to the EU Single Market from 2021

Where are we with the trade deal?

The UK and the EU are negotiating the new terms for accessing each other's markets. A broad range of topics are being discussed, varying from transport issues, fishing rights, manufacturing, retail and goods, to selling (digital) services.

The new trade regime for business means that there may be obligations to pay tariffs or to comply with so called Rules Of Origin. Also, UK licences, authorisations and qualifications may need to be complemented with their EU equivalents that are valid in EU countries, and there will be changes to travel and business establishment.

In the event a trade deal is not finalised, the transition period could theoretically be extended, but this is not the intention of the Government. There is also a possibility that base-line WTO trading terms will govern EU-UK trade.



To do

- Understand what changing to a new commercial environment means for your business with the Government checker tool or EU Notices to stakeholders
- Trace your supply chain to the ultimate source and show partners and clients that your business is resilient to the changes next year by taking the basic steps needed to maintain trade in 2021
- Talk to investors/funders and insurers to ensure financial support and cover is sufficient and remains valid
- Sign up for the London Growth Hub's resilience training to help you identify risk areas

What's next

A trade deal and various other topics such as fisheries, data protection and financial rules will be decided this year. Progress in the negotiations will be measured mid-June.

For more information on the changes next year:

Visit [London Growth Hub](#) or [sign up](#) for free business resilience training

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