

Preparing for a new commercial environment

Key facts

- 1 The commercial environment we currently do business in will change when the transition period ends
- 2 Businesses will trade under new terms that will cover most aspects of trade
- 3 The new trading terms are still being negotiated but we can already identify many issues that will change for businesses

The best preparation for the changes is to understand how businesses from outside the EU trade with their EU partners. For example, Australian, South African, Middle Eastern or North American companies. Their transactions with the EU are based on different trading terms as they are not part of the EU's internal market. In the future, UK businesses will be on the same footing. Therefore, they can anticipate how their commercial activities could change. For example, rules around importing and exporting goods, selling services or tendering for public contracts are different for companies from outside the EU.

Understanding what is at stake for your business is vital to be able to adjust to a new commercial environment in which the UK will be outside the common market and where there is no free movement of goods, no freedom to provide services, and where it is more difficult to recruit EU staff.

To do

Step 1

- Think through your supply chain from the source and identify direct or indirect touch points with the EU
- Understand what the new rules will mean for each of the touch points by using the [Government checker tool](#) and the [EU Readiness Notices](#). They explain what you have to do to continue trading with EU partners as a business from outside the EU (a “third country”)

Step 2

- Identify awareness and risk areas for your business (e.g. staff needs, training needs, cash-flow, travel, validity of authorisations/licences/ qualifications outside UK, regulation, standards, export and import documentation, data flows, Intellectual Property Rights, contracts, funding, stock)
- Based on the information in the Government tool and the EU Readiness Notices, decide whether you need a presence in the EU, and what kind of presence. For example a VAT registration, a representative or an office.
- Create an action list, prioritising actions and responsible persons. For example, “check need for (EU) EORI number”, “find out about customs procedures”, “help EU staff to apply for the Settlement Scheme” or “Monitor developments around the new Immigration Bill”

Step 3

- Show suppliers, clients and staff that your business is resilient to the changes by taking the basic steps needed to maintain trade (based on your action list)
- Talk to investors/funders and insurers to ensure financial support and cover is sufficient and remains valid

Step 4

- Carry out a Strengths Weaknesses Opportunities and Threats analysis (SWOT): What are your Unique Selling Points? Where do you need to improve compared to the competition? What opportunities are there in change? Which partners outside the EU could you work with? Which aspects of access to the EU market will change for your business?

What's next?

The new rules for trade between the EU and the UK will take effect after the negotiations have completed and all 27 EU countries have ratified the trade deal. This is when the transition period ends and the commercial environment changes.

In the event a trade deal is not finalised, the transition period could theoretically be extended. However, there is also a possibility that base-line WTO trading terms will govern EU-UK trade. The Government and EU information in these fact sheets take the WTO rules into account and you should be covered if you follow their guidance.

For more information visit [London Growth Hub](#), [check out other fact sheets](#) or email growthhub@london.gov.uk

Disclaimer

At the time of writing, the transition period ends on 31 December 2020, and the changes outlined in this fact sheet will occur from 1 January 2021. If that date slips, the changes will still happen, but at a later date. For latest updates go to www.gov.uk/transition

London Growth Hub

growthhub@london.gov.uk