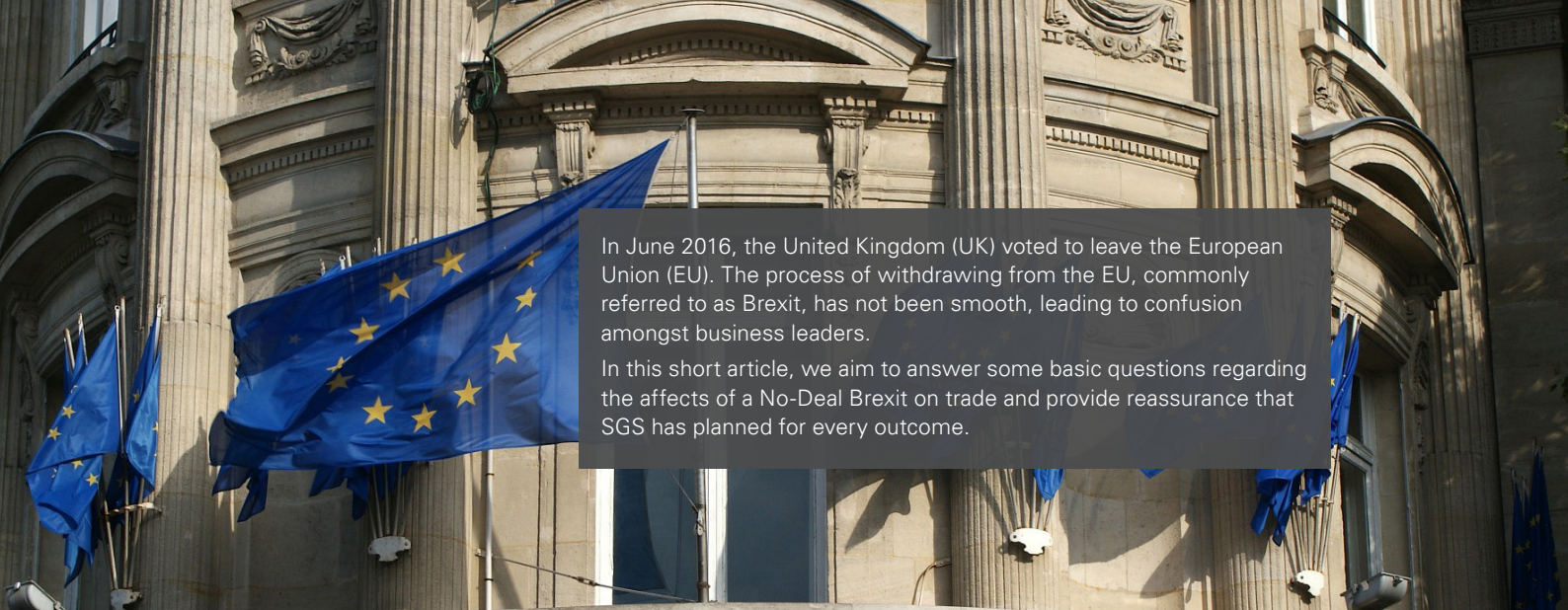




# **PREPARING FOR NO-DEAL BREXIT**

**THE IMPACT ON INDUSTRIAL PRODUCTS**





In June 2016, the United Kingdom (UK) voted to leave the European Union (EU). The process of withdrawing from the EU, commonly referred to as Brexit, has not been smooth, leading to confusion amongst business leaders.

In this short article, we aim to answer some basic questions regarding the affects of a No-Deal Brexit on trade and provide reassurance that SGS has planned for every outcome.

## WHAT IS THE CURRENT POSITION REGARDING BREXIT?

At this time, it is impossible to give a definitive answer to this question because there remains considerable confusion surrounding the political situation in the United Kingdom. The UK Government are committed to delivering the result of the 2016 Referendum, but there is considerable opposition to it both within parliament and in the country.

The original date set by the UK Government for Brexit has now passed, with the UK being allowed an extension until October 31, 2019. This has delayed the chances of a No-Deal Brexit.

## WHAT IS A NO-DEAL BREXIT?

The UK Government has been negotiating a new relationship with the EU since the 2016 Referendum. The terms of the current deal would provide for a period of transition, during which businesses would operate in much the same way as they did when the UK was part of the EU.

This deal has, however, been rejected by the UK parliament. This has led to the possibility of a No-Deal Brexit, which would mean withdrawal without a transition period and without the provisions for 'goods placed in the market', as contained in the current withdrawal agreement. A No-Deal Brexit will also mean the reintroduction of border checks.

## WHAT DOES NO-DEAL BREXIT MEAN FOR THE PRODUCTS I SELL IN THE EU?

The European Commission has produced a document to help business leaders understand how a No-Deal Brexit will affect their products – [Withdrawal of the United Kingdom and EU rules in the Field of Industrial Products](#).

A simplified answer is that products already deemed to be 'placed on the market' in the EU can continue to be sold. 'Placed on the market' means individual products that are already in the distribution chain or have already been sold to a customer in one of the remaining 27 EU Member States (EU-27). Products that have been imported into the UK before the withdrawal, but which are then sold to a customer in the EU-27 after the withdrawal, will be considered imports from a third country and will have to fully comply with the provisions of EU law applicable at the time of their placing on the market. This means that the goods will have to have been certified by an EU-27 Notified Body, where a third-party intervention in their conformity assessment is required. Where applicable, they will also have to indicate the details of the EU-27 importer and of an EU-27 'responsible person'.

EU legislation regarding some product areas require the establishing of a 'responsible person' within the EU. In the event of a No-Deal Brexit, UK-based responsible persons will lose their status as from the withdrawal date, regardless of when the product was placed onto the market. Manufacturers will need to ensure that, as from the withdrawal date, their designated responsible persons are established in the EU-27.

No-Deal Brexit will also affect the status of individual businesses within the supply chain. For example, a company in the EU-27 taking products from the UK (either manufactured in the UK or imported into the UK) would be considered a distributor under current EU rules. Following a No-Deal Brexit, however, that distributor will become an importer, requiring them to meet more stringent obligations with regards to verification of product compliance and, where applicable, the indication of their contact details on the product. This will mean labelling changes.

No-Deal Brexit will also require stakeholders in some products areas to consider the status of their conformity assessment procedures. If a product requires assessment by a qualified third party, known as Notified Body, following the withdrawal, the stakeholder will require assessment by a Notified Body operating in the EU-27. This will also require changes to EU Declarations of Conformity.

### USEFUL LINKS

- [Withdrawal of the United Kingdom and EU rules in the Field of Industrial Products](#) European Commission
- [Regulations and standards after Brexit](#) UK Government
- [Placing manufactured goods on the UK market if there's no Brexit deal](#) UK Government

## WHAT DOES NO-DEAL BREXIT MEAN FOR THE PRODUCTS I SELL IN THE UK?

Initially, the UK Government has said that there will be a temporary period of continuity in the event of a No-Deal Brexit. The UK Government has stated, "when we leave the EU the essential requirements (the legal requirements that must be met before a good can be placed on the market) applying to goods placed on the market in the UK will not change."

Following Brexit, the UK Government is currently saying that products that conform to relevant EU regulatory requirements and bear the CE marking, or other applicable EU conformity marking, (e.g. 'wheelmark'), can still be placed onto the UK market after Brexit. This will apply whether CE marking is used after the manufacturer has self-declared it, or after assessment by an EU-recognised conformity assessment body. This arrangement will be for a limited time and the government will give businesses notice before this period ends.

Brexit will also introduce a new UK framework for conformity assessment, but the requirements will stay the same. The UKCA mark will be introduced to show conformity to UK regulations when a product is placed on the market. At the same time, UK notified bodies will become UK approved bodies, but their role in assessment will not change. This means, for a short period, products that carry either CE or UKCA markings will be allowed to be sold in the UK. UKCA markings will not be accepted in the EU.

As with placing products onto the market in the EU, there will be a change of legal status held by some economic operators. For example, distributors of EU/EEA sourced products will become 'importers'. The legal obligations for manufacturers will remain largely unchanged.

There will also be changes in the status of authorised representatives. If a cosmetic product is to be placed onto the market after the UK leave the EU, the authorised representative must be in the UK. If a new authorised representative is appointed for a product placed on the market prior to Brexit, they must also be in the UK.

However, if a business places a product onto the UK market after Brexit and they have an appointed authorised representative based in the UK, EU, EEA, (or Switzerland and Turkey, where the UK's continuity measures allow for this), they can continue using them. Also, if they are placing goods onto the UK market after Brexit and already have an authorised representative based in the UK, EU, EEA, Switzerland or Turkey, then they can continue using them.

## HOW CAN BUSINESSES ENSURE CONTINUITY OF SERVICE?

The disruption caused by a No-Deal Brexit to industry should not be underestimated. With the final terms of any UK withdrawal from the EU currently unclear, it is advisable that businesses operating in these countries now consider the possible ramifications of a No-Deal Brexit.

SGS has, however, worked to ensure it has all the necessary capabilities in place to ensure businesses can continue to operate in all 28 countries (EU-27 and UK) following the UK's withdrawal from the EU. With Notified Bodies across the whole of Europe, we can find workable solutions for all scenarios affecting manufacturers, importers, responsible persons, etc.

## WHEN SHOULD BUSINESSES PREPARE?

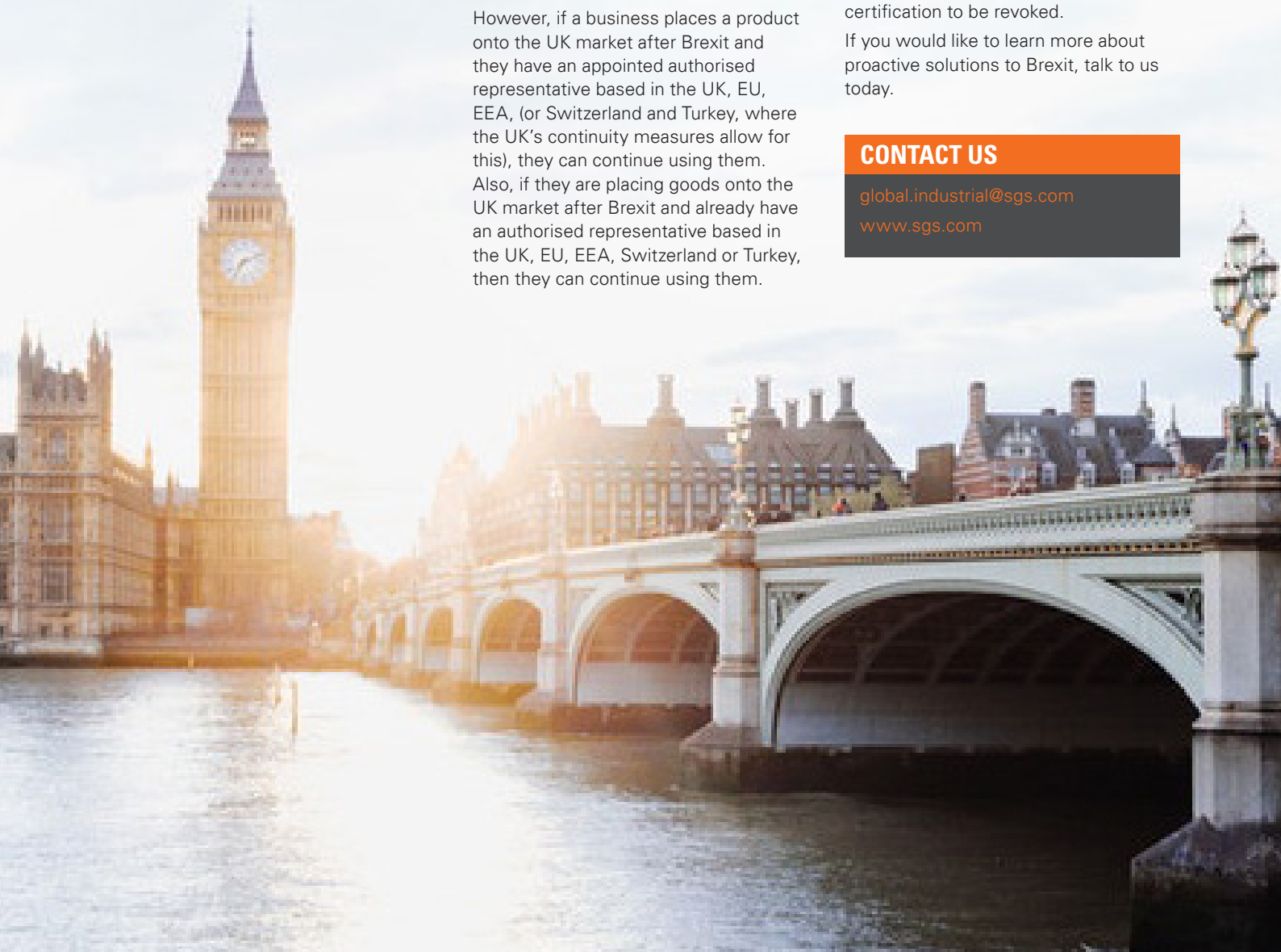
To provide peace-of-mind, it may be advisable for companies to begin gathering certifications that will allow continued trading in all markets in the event of a No-Deal Brexit. Businesses do not need to wait for their current certification to be revoked.

If you would like to learn more about proactive solutions to Brexit, talk to us today.

## CONTACT US

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**WHEN YOU NEED TO BE SURE**

