



Essential guide for business ahead of the end of the transition period on 31st December 2020

Brexit





1. Background

This is the second revision of the States of Guernsey's Committee *for* Economic Development's Bailiwick of Guernsey essential guide for businesses in preparation for the UK leaving the EU on 31st December 2020. This guide will outline potential impacts to business should the transition period end with an agreement in place between the UK and the EU or with no further negotiated outcome which is referred to as ('NFNO').

The UK officially ceased to be a Member State of the EU on 31st January 2020. The UK and EU are in the agreed transition period until the 31st December 2020. During this transition period, the relationship between the Bailiwick and the EU continues in accordance with the existing trading relationship by virtue of Protocol 3 to the UK's treaty of Accession to the European Union ('Protocol 3') – this remains in place until December 31st 2020 when new arrangements will fall into place.

2. Preparing your Business for 1st January 2021

This document is aimed at providing an essential guide to help businesses based in the Bailiwick of Guernsey, and those businesses outside of the Bailiwick who trade into the Bailiwick, with their preparations for the end of the UK-EU transition period which ends on the 31st December 2020. This guide covers impacts that may come from a number of scenarios; a UK-EU agreement, a UK-EU agreement that the Bailiwick of Guernsey is not part of or a point where there is no further negotiated outcome ('NFNO') and the transition period ends without an agreement.

In recent months the States of Guernsey has reviewed its NFNO planning, management processes and contingency plans. The States of Guernsey continues to work with UK Government Departments on all UK – EU exit matters. There is still much uncertainty around the UK-EU relationship at the end of the transition period and therefore both the UK Government and the States of Guernsey must plan for every possible outcome including NFNO. Irrespective of whether or not the transition period ends with an agreement in place, businesses may need to take action.

In the event that it becomes clear that there will not be any further progress in a deal being formally agreed between the UK and the EU it is prudent that both the UK Government and the States of Guernsey continue to prepare for all eventualities.

It is important to consider what impact NFNO could have on your business **and how this differs** from the impacts that were anticipated in advance of the UK's exit from the EU in January 2020. The following information may be helpful to understand how the end of the transition period may affect your business and how you may need to amend any existing contingency plans.



3. Workforce - Employing EU Citizens, Free Movement of workforce within the Common Travel Area (CTA)

The Bailiwick of Guernsey forms part of the Common Travel Area ('CTA'), along with the United Kingdom, Bailiwick of Jersey, Isle of Man and the Republic of Ireland. It enables the free movement of the citizens of those places within the CTA and relates to other rights/privileges of those citizens within the CTA. The CTA pre-dates both British and Irish membership of the EU and is not dependent on it.

The UK Government and the EU, which includes the Republic of Ireland as a Member State, have an agreed commitment to protect the CTA, and in May 2019 the UK and Irish Governments signed a Memorandum of Understanding reaffirming their commitment to it.

The rights of EU/EEA/Swiss citizens and their family members resident in the Bailiwick of Guernsey will change when the transition period ends.

The UK and the EU have agreed that affected citizens' rights will continue until 31 December 2020. As a result, if those citizens want to stay in the Bailiwick of Guernsey beyond that date, they will need to apply under the EU/EEA/Swiss Settlement Scheme. This will allow those citizens and their family members to continue to live and work in the Bailiwick of Guernsey and will allow the continuation of their rights to healthcare, work arrangements and public services. The UK have announced a 6 month grace period starting from the 1st of January 2021 for EU citizens to apply under the settlement scheme. The deadline for applying is therefore the 30th June 2021 in Guernsey as well as the UK.

Bailiwick of Guernsey based businesses which rely on the free movement of their workforce from Guernsey into the EU will need to ensure that members of their workforce are travelling with all current and relevant travel documentation, and whilst it is not anticipated that there will be any particular issues with entering EU Member State countries, it is not unreasonable to suggest that some border controls, especially those at busy airports and ports, could become congested.

Guernsey-based businesses are encouraged to support their employees and ensure that, if required, any EU/EEA/Swiss national working within their organisation has registered on our EU Settled Status Scheme (<https://gov.gg/eusettledstatus>)

Guernsey-based businesses who rely on moving their workforce in and out of the EU/EEA/Switzerland should have up to date travel documentation and consider any implications which may occur for the travel route which is being used.

Guernsey based businesses are advised to ask employees who are due to travel to use the [Passport Validity Checker](#) on the UK Government's website to check that their passport is valid for travel in Europe.

If there is any concern that a passport might not be valid for travel in Europe you can email Guernsey's Passport Office at passports@gba.gov.gg or call **01481 741410 for advice.**

4. Goods and Services - Importing, Exporting Goods and Services and Transporting Goods

Freight Congestion

It could be the case that congestion is particularly evident on the short Dover Strait routes such as the Channel Tunnel and those regular routes used by frequent travellers (both air and sea) where delays may be incurred for UK arrivals (and departures).

The knock-on-effect could lead to some travel and freight disruption. Those Guernsey businesses which rely on the movement of goods in and out of the Island, particularly those reliant on supply chains both originating from the UK and where goods arrive from the EU into the UK before onward shipment to Guernsey (and vice versa), are advised to review their supply chain carefully and consider alternative routes for critical goods if necessary.

Analysing the supply chain will ensure that your business has identified what products come from and go to the EU and by which routes. This information will assist in preparing your business for any scenario.

It is expected that in a NFNO scenario all goods entering the UK from the EU will be subject to a streamlined customs process which will be in place to ensure that goods can flow as quickly as possible. It is important to note that the UK will not be dropping any of its border procedures relating to the movement of goods, or people, at UK frontiers, but will be streamlining the border processes to continue to protect the integrity of the UK Customs territory whilst ensuring that goods, particularly those transported in heavy goods vehicle's (HGVs) will continue to flow, albeit at a potentially reduced rate.

In comparison, freight traffic destined to the EU from the UK could be subject to some delay. At the end of the transition period, UK freight movements will become subject to additional customs declarations and checks as third country goods entering the EU.

Therefore it is not unreasonable to suggest that flow rates for freight movements, particularly those moving through the Dover Strait, could potentially be impacted.

To mitigate these impacts, the States of Guernsey has worked in close collaboration with the shipping companies and logistics agents, the International Port of Portsmouth and Hampshire County Council throughout the transition period.

It has been agreed that any trucks carrying goods bound for the Channel Islands will be prioritised by the UK port authorities and there is a traffic management in place around the

M275 where Channel Island freight traffic will be clearly identified and will be cleared to the main Channel Island freight depots or the International Port of Portsmouth.

Guernsey-based businesses are advised to analyse their supply chains to identify where goods may be delayed and to consider alternative routes where possible. Alternatively, it must be ensured that stock levels of essential goods are maintained to cover the period immediately following the end of the transition period (31st December 2020).

Customs Procedures and Tariffs

It will be essential for Bailiwick business to ensure that they have confidence in supply chains in either a deal, or no deal scenario as there are impacts which could affect businesses irrespective of the outcome.

Importing and Exporting Goods from the EU

If the UK has not negotiated a trade deal with the EU by the 31st December 2020, then all goods being imported from the EU directly into Guernsey from adjacent EU ports such as St Malo will need to be accompanied by the relevant customs declarations and businesses are advised to refer to the guidance published by the Guernsey Border Agency Customs and Excise.

Businesses are also advised to consider what the impact would be on any customs tariff that would be applied to goods which they may import either directly from the EU, or via the United Kingdom. The UK Government has already published what the [UK Tariffs](#)¹ will be on the 1st January 2021.

If your business exports goods into the EU, then the EU common external tariff may apply and therefore you are advised to consider what the impacts would be on any export tariffs that may apply. The Integrated Tariff of the European Union² can be found [here](#).

Importing and Exporting Goods with non-EU countries

At the point the UK leaves the EU, the UK will become an independent trading country and therefore any trade arrangements which applied as part of the UK's membership of the EU will cease to apply. Any preferential trade arrangements will be in accordance with UK-Rest of World trade agreements. The UK has agreed to 'roll-over' a number of existing EU Free Trade Agreements, so that the same benefits will apply between the UK as an independent trading country and those third countries as applied under the UK's participation in the EU

¹ Future UK Customs Tariff from 1st January 2021 <https://www.gov.uk/guidance/uk-tariffs-from-1-january-2021>

² The integrated Tariff of the European Union https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/what-is-common-customs-tariff/taric_en

Free Trade Agreements. The UK has also started negotiations with third country partners for a number of new trade agreements.

The Department for International Trade is responsible for negotiating the UK's Free Trade agreements and routinely updates its website with a current list of the partner countries where free trade agreements have been reached which can be found [here](#).

The Bailiwick will benefit from all of these agreements and it is anticipated that the Islands will have access to preferential tariffs which apply to these agreements.

Should you trade with a country which does not have a free trade agreement with the UK, then it is anticipated that the Islands will benefit from the most-favoured-nation ('MFN') tariffs which will apply through the UK's membership to the WTO which has been extended to the Bailiwick. This means that the any goods originating from Bailiwick will be treated favourably and will not be discriminated against in the absence of the UK making a trade deal with a particular country.

Further information relating to trading under WTO rules can be found [here](#).

Disruption and Delays in Services – Essential Supplies

It is not anticipated that there will be an overall shortage of food in the UK or onward to Guernsey but due to the potential for disruption within the supply chains, certain product lines may be limited. This will be particularly relevant for certain types of fresh and short shelf-life foods, as supplies may be subject to border delays. Due to the time of year there is also the potential for general disruption in the supply chain, for instance in the event of adverse weather, which could exacerbate any potential disruption due to the end of the transition period.

Therefore it is possible that due to the impact on the logistical chains, certain items may be delayed and therefore in temporary short supply. It is important to note that the disruption of supply on certain food lines may not simply be related to the supply of that particular product line, but could be related to supply issues of other critical ingredients, chemicals or packaging. With the potential increase in demand, price increases may occur.

Guernsey businesses are advised to analyse, beyond the supply chain, the particular types of goods they are importing or exporting to identify product lines which may be in short supply in the event of disruption. Those businesses that rely on the use of chemicals and packaging are advised to consider maintaining the relevant stock levels over the winter period.

IT IS IMPORTANT TO NOTE THAT THE ISLANDS ARE WORKING CLOSELY WITH BUSINESS PARTNERS AND ARE NOT ANTICIPATING ANY CONCERNS WITH FOOD OR MEDICAL SUPPLIES AND IN THE EVENT THAT UNFORCESEEN CIRCUMSTANCES ARISE ADVANCED MITIGATION PLANS ARE IN PLACE.

Information and Data Sharing – Data Transfer and Data Protection

The Bailiwick of Guernsey is neither part of the United Kingdom nor the European Union. For the purposes of personal data protection, the islands of the Bailiwick are third countries to the EU. Guernsey has a well-established personal data protection regime, which has been recognised as "adequate" by the European Commission since 21 November 2003. Brexit does not alter this position.

During the transition period (until 31st December 2020), data can continue to be exchanged between the Bailiwick and the EU and between the Bailiwick and the UK. On 9th November 2020 a policy letter was published requesting the approval of a draft Ordinance - 'The Data Protection (Authorised Jurisdiction) (Bailiwick of Guernsey) (Amendment) Ordinance, 2020'. Approval of the draft Ordinance will ensure that the status quo regarding the continued free-flow of personal data between the Bailiwick of Guernsey and the UK is maintained until the end of 2021 in the event that the UK does not receive a data protection adequacy decision by 31st December 2020.

The Office of the Data Protection Authority (ODPA) is the independent regulatory authority for the *Data Protection (Bailiwick of Guernsey) Law, 2017* and associated legislation. The ODPA offers further guidance to businesses and individuals on local data protection matters, more information can be found [here](#).



5. Summary Information

Guernsey-based businesses are asked to consider the practical implications of the end of the transition period in a proportionate and balanced manner. Guernsey has a built-in resilience to minor disruption to the supply chain due to the very nature of being an island economy, particularly in the winter period when inclement weather can cause some minor delays. However, this must not lead to complacency particularly given the potential for concurrent risks, including the impact of the Covid-19 pandemic.

It is anticipated that delays to supply chains could manifest in a similar manner where some items which are routinely available in all sectors may not be available or subject to delay for a period of time. The disruption experienced as a result of the end of the transition period may be prolonged. It is very much against this background that we are asking businesses to prepare.

The States of Guernsey continues to work very closely with all stakeholders both locally and in the UK to ensure that any disruption is kept to a minimum. However, the States of Guernsey cannot guarantee continued supply and therefore we ask businesses to closely analyse their operations to identify any areas of concern with the aim of mitigating these prior to the end of the transition period.

Should you have any concerns, need to understand more about the potential impacts of the end of the transition period on your business, require advice or need to discuss the States of Guernsey's current approach to end of transition/NFNO planning or to coordinate media responses, then please feel free to contact trade@gov.gg who will be pleased to arrange a one-to-one meeting with your business, industry group or organisation.