

United Kingdom (UK) exit from the European Union (EU) on 29 March 2019

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For the attention of the Managing Director.

Scope/Applicability:

All Rolls-Royce plc suppliers.

Dear supply partner,

On 29 March 2019 the UK will leave the European Union (EU) – an activity commonly termed as Brexit. The exact nature of the agreement between the UK Government and the EU member states is still subject to negotiation and this is leading to a level of uncertainty on the trading relationship/legislation between the EU and the UK after this date.

Recognising there is a level of uncertainty, both the EU and the UK Government are currently releasing a range of Technical Notices (<https://www.gov.uk/government/publications/uk-governments-preparations-for-a-no-deal-scenario>) and advice to help businesses prepare contingency plans in the event of a 'no deal' Brexit. The purpose of this communication is to advise you of these resources and to provide guidance on how to access the information being released.

All suppliers world-wide should consider how this change can impact them. Our expectation is that your company is taking the relevant steps to ensure continuity of supply of both goods and services to Rolls-Royce, in the period leading up to and after 29 March 2019.

UK Government guidance and Technical Notices

The following section provides guidance on where to access Government information on the impact of a potential 'no deal' Brexit relating to the following areas:

Export Control

On 23 August 2018 the **UK Government** issued a Technical Notice to provide guidance in the event the UK leaves the EU in March 2019 without a deal. This Notice explains:

- How export licensing requirements for different groups of items would change
- What the UK Government would do to simplify licensing
- Where exporters of military and dual-use items, civilian firearms and other goods can find relevant information

The UK Government guidance can be found here:

<https://www.gov.uk/government/publications/exporting-controlled-goods-if-theres-no-brexite-deal>

On 25 January 2018 the **European Commission (EC)** issued a Notice to Stakeholders regarding EU rules in the field of import/export licences for certain goods including:

- Dual-Use goods (Council Regulation (EC) No 428/2009 of 5 May 2009 setting out the Community regime for the control of exports, transfer, brokering and transit of dual-use items)
- Military technology and equipment (Council Common Position 2008/944/CFSP of 8 December 2008 defining common rules governing control of exports of military technology and equipment)

As of the withdrawal date, where the import/export of goods is subject to a licensing requirement under European Union law, shipments from the EU-27 to the United Kingdom and vice versa will require such an import/export licence.

Similarly, as of the withdrawal date, import/export licences issued by the United Kingdom as an EU Member State on the basis of European Union law are no long valid for shipments to the EU-27 from third countries or vice versa.

The EC guidance states that “stakeholders concerned may want to consider taking the necessary steps in order to prepare for possible changes”. The EC guidance can be found here:

http://trade.ec.europa.eu/doclib/docs/2018/january/tradoc_156568.pdf

Airworthiness

On 24 September 2018 the UK Government issued a Technical Notice on Aviation safety to provide guidance in the event that the UK leaves the EU in March 2019 without a deal. This notice covers:

- Managing aviation safety
- UK and EU registered aircraft
- Licences for pilots and other aviation personnel
- Safety certification in the aerospace industry
- Safety approvals for air carriers and other organisations

following a ‘no deal’ Brexit.

The Aviation Safety Technical Notice can be found here:

<https://www.gov.uk/government/publications/aviation-safety-if-theres-no-brexite-deal>

The Aviation Safety Technical Notice is supported by further information from the UK Civil Aviation Authority (CAA), on a dedicated website, which can be found here:

<https://info.caa.co.uk/eu-exit/>

An overview from the CAA on Brexit and Aviation Safety can be found on this site, which also includes a number of questions and answers.

Information from the European Commission on Aviation Safety Rules following a ‘no deal’ Brexit can be found at the following link:

<https://ec.europa.eu/transport/sites/transport/files/legislation/brexit-notice-to-stakeholders-aviation-safety.pdf>

The European Aviation Safety Agency (EASA) have recently updated their website informing companies that they will start to process some applications for Third Country approvals from existing UK approval holders. Further details can be found at the following link:

<https://www.easa.europa.eu/brexit-negotiations>

The guidance material listed above indicates that, in general, regulatory approvals from EASA will not be considered valid by the EU after Brexit in a ‘no deal’ scenario. It also explains the approach to approvals from the CAA after Brexit both in terms of approvals that will be issued by the CAA and acceptance of EU approvals in the UK. All supply partners should ensure they take any actions necessary to ensure they have airworthiness regulatory approvals consistent with continuity of supply to Rolls-Royce.

As previously communicated externally, Rolls-Royce is considering action with respect to its Design Organisation Approval (DOA) as a Brexit mitigation action. Rolls-Royce products are delivered under EASA DOA approval, EASA.21J.035. Rolls-Royce may take the action to combine its UK DOA approval with its existing German DOA approval, resulting in Rolls-Royce products being delivered under EASA DOA approval, EASA.21J.065. If you think this change in the Rolls-Royce DOA approval number will impact your company, please contact Rolls-Royce as soon as possible.

Customs Duties

If the UK leaves the EU without a deal in March 2019, there would be immediate changes to the way UK businesses trade with the EU that could impact on your business. These include:

- UK businesses having to apply customs, excise and VAT procedures to goods traded with the EU, in the same way that already applies for goods traded outside of the EU
- EU-27 businesses having to apply customs, excise and VAT procedures to goods traded with the UK, in the same way that already applies for goods traded outside of the EU

In particular, if your business currently trades only with the EU then you would have to start completing customs declarations from March 2019 and customs checks would apply to your business for the first time.

If you are VAT registered in the UK and only trade with the EU, then you may have already received a letter from HMRC which explains these changes and what businesses can do to prepare. Below is a link if you have not received it.

This also refers to further information and guidance you can access by following the links or directions in this communication, which may be helpful even if you already trade with non-EU countries.

<https://www.gov.uk/government/publications/no-deal-brexite-advice-for-businesses-only-trading-with-the-eu>

Information from the European Commission on the implications of a 'no deal' Brexit on the Customs formalities associated with the movement of goods between the UK and the remaining EU Member States can be found at the following link:

https://ec.europa.eu/info/sites/info/files/file_import/customs_and_indirect_taxation_en.pdf

REACH (Registration, Evaluation, Authorisation & restriction of Chemicals)

Regulatory issues can disrupt the supply of chemicals to any business throughout the world, by impacting the regulatory requirements placed on importers or manufacturers of chemical products, or the supply of ingredients for such products. Risks relating to this depend on the chemicals you or your sub-tier suppliers use, and where they are manufactured.

Please refer to the following sources of information regarding advice on managing such disruption risks. Please note that these sites are expected to be updated periodically:

- European Chemicals Agency: <https://echa.europa.eu/inform-yourself-on-the-negotiations>
- UK Government: [Regulating chemicals \(REACH\) if there's no Brexit deal](#)

Finally, I would like to take this opportunity to reiterate that as a valued supply partner to Rolls-Royce, our expectation is that your business will be fully prepared for the UK's exit from the EU on 29 March 2019. We fully expect that you are taking all necessary mitigation actions required to ensure continuity of supply to Rolls-Royce, without interruption, leading up to and after that date.

NTS Category:

General Information / Communication

Authorised by:

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