

# Notice to Suppliers

United Kingdom (UK) exit from the European Union (EU) on 31<sup>st</sup> October 2019

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**Business Unit:** All

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For the attention of the Managing Director.

**Scope/Applicability:**

All Rolls-Royce plc suppliers.

**Dear supply partner,**

The United Kingdom (UK) is now scheduled to leave the European Union on the 31<sup>st</sup> October 2019, a process commonly termed as Brexit. The negotiations on the exact nature of the exit terms and the future trading relationship are still however to be determined.

The purpose of this NTS is to re-iterate our requirement that your Business has now developed robust contingency plans, able to support a 'no-deal' Brexit scenario. Our expectation being that there will be no disruption to the continuity of supply of both goods and services to Rolls-Royce, in the period leading up to and after 31<sup>st</sup> October 2019.

The NTS also provides guidance on where you can access both Government and EU websites providing information to support you in the implementation of your contingency plans.

**UK Government Brexit support**

The UK Government has launched a 'Get ready for Brexit' website and is scheduling a series of free roadshows, to provide support to UK Business in their preparations for Brexit. The links to the web-site and access to the event schedules/registration, are attached below:

<https://www.gov.uk/brexit>

<https://registration.livgroup.co.uk/BrexitBusinessReadinessEvents>

The UK Government's Department for Business, Energy and Industrial Strategy have developed an EU Exit business readiness bulletin aimed at keeping companies up to date on the latest information and guidance on the UK exiting the EU. The objective of the bulletin is to signpost you to tools and resources to help you and your supply chain prepare for a 'no-deal' Exit from the EU. Our recommendation is that your Business starts to receive these bulletins and to subscribe please click on this link:

[Subscribe Here](#) or email: [sed@beis.gov.uk](mailto:sed@beis.gov.uk)

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

**Export Control**

Currently most listed dual-use items being transferred from the UK to an entity in an EU Member State do so without the need for a licence. After a 'no-deal' Brexit this would no longer be the case and all listed items would require a licence. On 1<sup>st</sup> February 2019 the UK Government published a Notice to Exports available

[here](#) enclosing the Open General Export Licence - Export of Dual-Use items to EU Member States. This licence will only come into force if the UK leaves the EU without a deal. This licence should be read in conjunction with the notice 'Exporting controlled goods if there's no Brexit deal' which was first published on 23<sup>rd</sup> August 2018 and updated on 19<sup>th</sup> December 2018. It can be accessed from the same link as the Open Licence.

To minimise the disruption caused by a 'no-deal' Brexit the European Commission has issued a proposal for an EU Regulation that would add the UK to the list of countries covered by UGEA001. The same terms and conditions that currently apply to the UGEA will apply after the UK has been added – see: -

[http://www.europarl.europa.eu/RegData/docs\\_autres\\_institutions/commission\\_europeenne/com/2018/0891/COM\\_COM\(2018\)0891\\_EN.pdf](http://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2018/0891/COM_COM(2018)0891_EN.pdf)

As already notified, background information regarding EU rules in the field of import/export licences for certain goods was published by the European Commission (EC) on 25<sup>th</sup> January 2018. The EC guidance can be found here:

[http://trade.ec.europa.eu/doclib/docs/2018/january/tradoc\\_156568.pdf](http://trade.ec.europa.eu/doclib/docs/2018/january/tradoc_156568.pdf)

### **Airworthiness**

On 14<sup>th</sup> January 2019, the UK Government issued guidance on preparing to work and operate in the European aviation sector after Brexit. This guidance supersedes the Technical Notice on Aviation Safety issued by the UK Government on 23<sup>rd</sup> August 2018.

The guidance can be found here:

<https://www.gov.uk/guidance/prepare-to-work-and-operate-in-the-european-aviation-sector-after-brexite>

The guidance 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, as well as information related to design, production and maintenance activities.

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/info/sites/info/files/notice\\_to\\_stakeholders\\_brexit\\_aviation\\_safety\\_rev1\\_final.pdf](https://ec.europa.eu/info/sites/info/files/notice_to_stakeholders_brexit_aviation_safety_rev1_final.pdf)

This information sets out the position should the European Union make no legislative changes. However, on 19<sup>th</sup> December 2018 the European Commission issued a communication entitled 'Preparing for the withdrawal of the United Kingdom from the European Union on 30<sup>th</sup> March 2019: Implementing the Commissions Contingency Action Plan.' This can be found at the following link:

[https://ec.europa.eu/info/publications/communication-19-december-2018-preparing-withdrawal-united-kingdom-european-union-30-march-2019-implementing-commissions-contingency-action-plan\\_en](https://ec.europa.eu/info/publications/communication-19-december-2018-preparing-withdrawal-united-kingdom-european-union-30-march-2019-implementing-commissions-contingency-action-plan_en)

The communication sets out areas, including Aviation Safety, in which the European Union planned to amend legislation as part of its contingency actions for a 'No Deal' Brexit. These amendments, now adopted by the European Parliament, change some elements of the position stated in the European Commission Notice to Stakeholders.

The EASA Brexit website provides further information supporting the European Commission Brexit Notice to Stakeholders and its Contingency Exit plan, with respect to Aviation Safety, and can be found here:

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

The guidance material listed above indicates where regulatory approvals for UK companies under the EASA system will not be considered valid by the EU after Brexit in a 'no-deal' scenario, and where they will continue to be valid. 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. It is recommended that supply partners apply for EASA 3<sup>rd</sup> country Production and Maintenance Approvals, as described on the EASA Brexit website, where this will aid continuity of supply. In order to supply parts and work to aircraft registered in the USA, Canada and Brazil in the event of a 'no-deal' Brexit, UK based supply partners will need a CAA Production and/or Maintenance approval. These approvals will be automatically in place, following a 'no-deal' Brexit, for UK companies that previously had the equivalent EASA approvals. Where UK supply partners have Direct Delivery Agreements with Rolls-Royce based on their current EASA POA, these will also be valid for parts certified under their new CAA POA or EASA 3<sup>rd</sup> country POA. Direct reference to the CAA POA will be made when the Direct Delivery Agreements are next updated.

As communicated in NTS 454 Issue 1 in January 2019, Rolls-Royce planned to move to a single Design Organisation Approval (DOA), granted by EASA, for all Civil Aerospace products designed in Europe (including the UK). The change took place on 21<sup>st</sup> February 2019. Approved data issued after this date, is under the RRD DOA (EASA.21J.065). The approval status of suppliers has not changed as a result of the Rolls-Royce DOA change, i.e. suppliers approved by Rolls-Royce Plc remain approved by Rolls-Royce Plc and suppliers approved by Rolls-Royce Deutschland remain approved by Rolls-Royce Deutschland. Direct Delivery agreements remain valid. The opportunity may be taken at a future point when approvals are updated, to consolidate separate Rolls-Royce Plc and Rolls-Royce Deutschland approvals into one supplier/Rolls-Royce approval.

### **Customs Duties**

If the UK leaves the EU without a deal on 31<sup>st</sup> October 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 1<sup>st</sup> November 2019 and customs checks would apply to your business for the first time.

You may have already received information 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.

<https://www.gov.uk/topic/business-tax/import-export>

Additional Government communications on importing and exporting can be found at the following link:

[https://www.gov.uk/government/publications/hmrc-brexit-communications-resources?utm\\_source=63b12b46-3ad8-4696-9ca8-56a48a3e906d&utm\\_medium=email&utm\\_campaign=govuk-notifications&utm\\_content=immediate](https://www.gov.uk/government/publications/hmrc-brexit-communications-resources?utm_source=63b12b46-3ad8-4696-9ca8-56a48a3e906d&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate)

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/brexit/brexit-preparedness\\_en](https://ec.europa.eu/info/brexit/brexit-preparedness_en)

## Shipping paperwork and formalities

Post Brexit there will be a need to provide additional paperwork for shipments between UK to Europe / Europe to UK to aid movement and clearance of goods. The documents needed for shipment will depend on the goods being moved and the incoterms agreed with Rolls-Royce.

As an example:

If you are an FCA supplier, you will be:

- Responsible for providing export documentation (e.g. commercial invoice) for your shipments between the UK and Europe / Europe to UK.
- Exporter of record for goods moved to Rolls-Royce.
- Responsible for providing all export documentation to the Rolls-Royce nominated 3PL.
- Required to provide a copy of the customs entry to the nominated 3PL (if the nominated 3PL is not also completing clearance for the goods on your behalf).

Note we request that we start receiving export paperwork from 21<sup>st</sup> September 2019 in advance of a hard Brexit to mitigate any potential issues should shipments be delayed post 31<sup>st</sup> October 2019.

If you are a DDP supplier, you will be:

- The importer and exporter of record for goods moved to Rolls-Royce.
- Responsible for all transport and customs entry requirements.

## 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. The effect of these issues can be felt irrespective of where your business is located through the upstream supply chain, either as a result of EU REACH, or as a result of new obligations in the UK.

Please read the fact sheet from the International Aerospace Environment Group:

[http://iaeg.com/elements/pdf/iaeg\\_brexit\\_chemical\\_supply\\_chain\\_risk\\_analysis\\_report\\_2018.pdf](http://iaeg.com/elements/pdf/iaeg_brexit_chemical_supply_chain_risk_analysis_report_2018.pdf)

## Managing Obligations and Risks

Please refer to the following sources of information which can help understanding of obligations on users of chemicals, and their upstream supply chain actors such as manufacturers, importers and formulators. If these are not managed in an effective or timely manner, then mitigation action will be needed to protect continued manufacturing operations. The following information sources are expected to be updated periodically:

### European Union

The European Union has provided information to identify solutions within the limitations of existing legislation. Please note that EU companies with new importer obligations will have no transitional arrangements available, so any issues should be referred to the relevant national enforcement authority as soon as possible.

Please refer to the ECHA Brexit website: <https://echa.europa.eu/inform-yourself-on-the-negotiations>

### UK Government

In a 'no-deal' scenario, the UK has approved a Statutory Instrument and amendment to implement a UK REACH system, which allows for transitional arrangements for both Registrations and Authorisations.

Please refer to:

<https://www.hse.gov.uk/brexit/index.htm>

### **Reporting of Supply Chain Issues**

Due to stock of chemical products which may still exist in the supply chain at the point of a 'no-deal' Brexit it may take several weeks for a supply chain issue to become evident. It is therefore strongly recommended that suppliers continue to purchase chemicals as normal, reducing pre-stock levels gradually, to validate that supply chains are still intact.

Rolls-Royce request suppliers report any issues as soon as possible to [reach.programme@rolls-royce.com](mailto:reach.programme@rolls-royce.com), to enable coordinated action to resolve.

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 31<sup>st</sup> October 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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