

Notice to Suppliers

United Kingdom (UK) exit from the European Union (EU) on 31st January 2020

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Job Title: Director of Procurement, Rolls-Royce plc
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) will leave the European Union (EU) on the 31st January 2020 under the terms of the Withdrawal Agreement signed by the UK Government and the European Union. This agreement has now been ratified on the UK side and the European Parliament are due to consider it on 29th January 2020. Assuming that it achieves complete and final ratification, the UK **will remain in the Single Market and the Customs Union** until the end of 2020. During this transition period, free movement of people, goods, services and capital will continue to apply.

The purpose of this NTS is to re-iterate our requirement that your Business has assessed any potential risk to the continuity of supply related to the exit process and has deployed effective contingency plans as mitigation. Our expectation continues to be 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 31st January 2020.

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

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. Provided that the Withdrawal Agreement passes, this will continue to be the case until the end of 2020. On 1st 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 23rd August 2018 and updated on 19th 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 25th January 2018. The EC guidance can be found here: http://trade.ec.europa.eu/doclib/docs/2018/january/tradoc_156568.pdf

Airworthiness

During the transition period, assuming the Withdrawal Agreement comes into force and the UK leaves the EU on 31st January 2020, the UK will remain a member of EASA and all activities under EU aviation safety regulation and managed by EASA will be unchanged.

The UK CAA dedicated website provides a statement to this effect: <https://info.caa.co.uk/eu-exit/>.

Additionally, the provisions of EU BASAs (Bilateral Aviation Safety Agreements) with USA, Canada and Brazil will apply to UK industry, as if the UK were a member of the EU.

The arrangements for management of aviation safety after the transition period, that is after 31st December 2020, are not yet known, as they depend on the negotiations between the UK Government and the EU.

You should continue to review the CAA Brexit website regularly, where information on the new arrangements will be published when available, so that you can maximise your opportunity to prepare for the arrangements from January 2021.

Customs Duties

As noted above, under the terms of the Withdrawal Agreement the UK will remain in the Customs Union until the end of 2020. This means that customs declarations will continue to not be required and no duty will be charged on the movement of goods between the EU and the UK.

Previously agreed No-deal Brexit simplifications will not therefore be needed until the end of 2020, unless the Withdrawal Agreement is not approved.

We expect to get further clarity on requirements for post transition trading during 2020. In the meantime, the transition period to the end of 2020 provides an ideal opportunity to improve your state of readiness for life outside the EU. The following are activities which may be worth considering:

- Master data assurance. Review the accuracy of commodity codes, goods descriptions, origin and value.
- EORI authorisations. Ensure these are held to support UK imports / exports and the EU equivalent as necessary.
- Incoterms. Engage with EU suppliers and customers to ensure you contract on relevant commercial terms.
- Import / export declarations. Where needed, ensure arrangements in place with recognised customs broker to support compliant entry declarations.
- Duty relief mechanisms. Determine which procedures could be advantageous and apply for authorisations as necessary (e.g. Customs Freight Simplified Procedures (CFSP), Inward Processing, Customs Warehousing and Authorised Economic Operator (AEO).
- Regulatory and licensing requirements. Research and action any new requirements for your product range.
- Training and technology. If required, explore options for accessing available Government funding.

Links to useful material / guidance is provided below. These are updated regularly.

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

https://www.gov.uk/government/publications/hmrc-brexitecommunications-resources?utm_source=63b12b46-3ad8-4696-9ca8-56a48a3e906d&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

https://ec.europa.eu/info/brexit/brexit-preparedness_en

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.

Under the Withdrawal Agreement, EU regulations continue to apply across the UK during the transition period. Supply disruption risk relating to separation of the UK from the EU REACH system now applies at that period, irrespective of whether there is regulatory alignment with EU or not.

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 Web-Site <https://echa.europa.eu/uk-withdrawal-from-the-eu>.

UK Government

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. Currently Rolls-Royce sees a separate UK REACH as being the most likely outcome at the end of the transition period.

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 end of the transition period 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 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 the 31st January 2020. 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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