

The practical ramifications that businesses continue to face as they adapt to a post Brexit landscape

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Amidst the backdrop of reopening the economy, it's fair to say the spectre of Brexit continues to have wide and deep ramifications for businesses across the West Midlands. Data from our latest research seemed to underline this specific point.

Our latest report, Post Brexit Transition Period: An Impact Analysis of businesses based in the West Midlands Combined Authority Area contains feedback from over 700 local businesses on the various challenges they have faced since the UK's departure from the European Union. Surveying took place over the summer and 47% of local businesses said they have found it more difficult to import goods from the European Union since 1st January. 34% of firms in the region reported that they had found it harder to export goods to the EU since the turn of the year.

Two fifths of businesses experienced increase costs and 28% have suffered from border delays because of Brexit. It was also telling to see that 35% of small micro sized businesses said they lacked the capacity to deal with the additional documentation requirements which are now needed to trade with the European Union. One specific issue which was highlighted by several businesses related to the adoption of the new UK CA Marking.

As a reminder, the UK CA (UK Conformity Assessed) marking is the new product marking which came into effect at the start of the year which replaced the European Union's CE marking. Due to the special arrangements set out in the Northern Ireland protocol, the UKCA marking will only accompany goods being placed on the market in Great Britain with Northern Ireland continuing to use the CE marking. The requirements for demonstrating conformity when using the UKCA marking are similar to that of the CE marking. So, for businesses that previously self-declared conformity when using the CE marking; they will continue to be able to self-declare conformity when using the UKCA marking.

Despite being introduced at the start of the year, the Government offered leeway to businesses by allowing firms to continue using the CE marking up until the end of 2021, recognising the significant challenges the changes would bring, especially as businesses grappled to overcome the fallout from the pandemic. Nevertheless, the Government made it clear that a business would only be able to continue using the CE marking in areas where UK and EU rules continued to remain aligned. Businesses were expected to continue using the UKCA marking up until the end of the year for products that required a mandatory third-party assessment from a UK conformity assessment body.

However, for products that were manufactured and CE marked before the end of the transition period, they would still be able to be sold until the end of 2021 – even if they were covered by a certificate of conformity issued by a UK body before 1st of January this year. The Government also made clear that the UK CA marking is not valid when placing goods on the EU market – if a local business sells products into the EU, it would be expected to continue using the CE marking to demonstrate it conforms with EU standards.

Feedback from our members made it clear that the new requirements were having a noticeable impact on their output given the additional costs involved in getting goods approved, with many of these businesses already experiencing huge debts and overheads because of the pandemic. Those businesses looking to place their products on both the UK and the EU market will need to pay for two conformity assessments. Local firms also reported difficulties in relation to the time it took to

test their products – an issue which has been compounded by the lack of testing facilities in this country.

It was within this context that as a national Chamber network, we lobbied Government to extend the current easement for CE markings on imported industrial goods, spare parts and components. In late August we were pleased to see that the Government had heeded these calls and offered businesses a reprieve until 1st January 2023. Not only would this move protect supply chains but also offer consumers reassurance over the availability of everyday items such as laptops and mobile phones. The extension of the current easement period will also hopefully offer more time to create the testing capacity required to retest decades worth of items that have long carried the CE markings.

Nevertheless, several issues remain prevalent. Those operating in automotive supply chains are still having to duplicate markings on certain parts and are saddled with additional costs as a result. In turn, this is likely to have a knock-on impact on business output across these sectors, restrict the availability of good for customers and ultimately create even greater cost pressures for businesses across the country. We would urge the Government to use this additional time wisely and work with the business community to iron out these practical issues otherwise, its firms that are once again likely to suffer through no fault of their own.

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