

Appendix B- UK Future Trading Arrangements with the EU

Redditch Town Investment Plan

Project:	Redditch Town Investment Plan		
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1 UK Future Trading Arrangements with the EU

The new trade agreement came into force on 1 January 2021. Detailed analysis by thinktanks and other scrutinising bodies has not yet been published, however, initial analysis of the impact for Redditch's economy is presented below.

Leaving the EU presents significant opportunity for businesses in Redditch to access new markets and benefit from opportunities in the new regulatory environment. In the short to medium term some bureaucratic issues have been identified due to increased non-tariff barriers (NTBs) which means firms trading with the EU would have additional cost burdens.

Further opportunities and implications will become clearer overtime as further trade deals are signed (with the EU and the world). Thorough analysis of the impact on Redditch and how to ensure projects capitalise on the opportunities will be undertaken in the full business case stage. Table 1.1 summarises initial analysis.

Table 1.1: Impacts of the UK's Future Trading Arrangements with the EU

Sector	Trade Agreement implications	What does this mean for Redditch?
Manufacturing	<ul style="list-style-type: none"> Tariffs have largely been avoided Non-tariff barriers imposed: <ul style="list-style-type: none"> Rule of Origin: For goods traded between the UK and the EU to benefit from being duty and quota free they must ensure that the goods really do originate from the EU or the UK¹. Conformity Assessment: If business wish to sell their product in both the UK and the EU, they may have to certify it twice as there's no agreement on conformity assessment². 	<p>Business in Redditch exporting to the EU will have additional bureaucracy to follow.</p> <p>Larger companies in Redditch can take advantage of relatively free trade with Northern Ireland.</p> <p>Further productivity improvements in Redditch's manufacturing sector, for</p>

¹How the Brexit deal will affect supply chains, Dec 2020, Pinsent Masons (Accessed Jan 2021: <https://www.pinsentmasons.com/out-law/analysis/brexit-deal-supply-chains>)

² Brexit deal: What is in it? Dec 2020, BBC (Accessed Jan 2021: <https://www.bbc.co.uk/news/55252388>)

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Sector	Trade Agreement implications	What does this mean for Redditch?
	<ul style="list-style-type: none"> ○ Additional Paperwork: Companies will need to complete additional paperwork and declarations when moving goods across the EU/UK border³. • Trusted Trader Schemes: the mutual recognition of trusted trader schemes which will make it easier for large companies to operate across borders. It will result in exemptions from tariffs for up to 98% of goods flowing between Great Britain and Northern Ireland⁴. 	example through increased digitalisation and workforce skills, would help them to maintain competitiveness in the changing EU market.
Services	<ul style="list-style-type: none"> • Non tariffs barriers imposed: <ul style="list-style-type: none"> ○ Additional Paperwork: This will also apply to services, such that companies will need to complete additional paperwork and declarations when offering services in the EU. • The services sectors are yet to receive clarifications such as regulatory equivalence that would help reduce friction of trade. 	The impact of the trade agreement for the service sector in Redditch is currently emerging. Additional information in the future will allow further analysis.

Source: Mott MacDonald

With a significant over-representation in the manufacturing sector, Redditch is well placed to benefit from the newly emerging trading and regulatory framework post-EU exit. However, targeted support will likely be needed to help businesses overcome new complexities and navigate new regulations.

Strength of towns across the UK, including Redditch, is now more important to ensure resilience and vitality of the economy to the benefit of businesses and residents in Redditch, regionally in the West Midlands, and nationally.

³ How the Brexit deal will affect supply chains, Dec 2020, Pinsent Masons (Accessed Jan 2021: <https://www.pinsentmasons.com/out-law/analysis/brexit-deal-supply-chains>)

⁴ 'Trusted trader scheme' agreed between EU and UK, Dec 2020, RTE (Accessed Jan 2021: <https://www.rte.ie/news/brexit/2020/1209/1183335-brexit/>)