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To : All NFU Scotland members  
From : NFU Scotland Policy Team  
Direct dial : 0131 472 4000  
E-mail address : [brexit@nfus.org.uk](mailto:brexit@nfus.org.uk)

## PREPARING YOUR BUSINESS FOR THE EVENT OF A NO DEAL EXIT FROM THE EU

It is the view of NFU Scotland that the current political situation has shifted the dial on the possibility of the UK exiting the EU without a deal from 'possible' to 'probable'.

There are numerous implications of a no deal exit for the agri-food sector, with implications highly likely to impact the operation of NFU Scotland members directly or indirectly. NFU Scotland therefore strongly recommends members to put plans in place to prepare for a probable no deal exit. This document is designed to assist in that preparation and collates all available advice from governments and industry.

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## **Step 1: Questions to consider**

You may not think that your business will be impacted by Brexit, but it is highly likely that there will be indirect considerations to your operations at the very least.

Begin by asking yourself some questions.

- Do you currently receive support through the Common Agricultural Policy?
- Do you export product directly?
- If you do not export directly, do you know where your product is destined (for example, selling livestock to abattoirs, grain to merchants or other products that may be destined for the export market)?
- What inputs do you need (feed, fertilisers, veterinary medicines, seeds, plants for planting, plant protection products, machinery)? Where do these inputs come from? When will you need them?
- Are you an organic producer?
- Do you employ staff who are EU citizens on a temporary or a permanent basis?
- Are the regulatory regimes which govern your business derived from EU law (for example, pesticides, certification, labelling, health marks)?

## **Step 2: If the answer to any of these questions is yes, then consider the following steps**

- **Recipients of agricultural support under the Common Agricultural Policy**

In the event of a no deal Brexit, eligible beneficiaries will continue to receive payments under the terms of the UK government's funding guarantee from now until the end of 2020.

The National Basic Payment Scheme Support Scheme (NBPSS) 2019 loan offer letters give applicants the opportunity, by opting in, to secure up to 95 percent of their anticipated basic support through a loan up to the scheme limit of €150,000. Offers to more than 17,000 businesses will be made by post to those that are eligible for a BPS and Greening payment.

SGRPID expect the first tranche of loan payments to be made in early October to those who apply before the deadline of the 27 September and after the official exchange rate has been set on the 30 September.

NFU Scotland understands that the UK Government's funding guarantee will also extend to payments made for the 2020 claim year.

NFU Scotland has therefore welcomed absolute certainty of the Scottish Government delivering loans through 2019 and 2020 and encourages NFU Scotland members who have received a letter offering a loan to opt in to the scheme to ensure certainty of payment.

- **Exporters**

If you export or import directly to and from the EU, you will need an Economic Operator Registration and Identification Scheme (EORI) number that starts with GB. You can do that online here: <https://www.gov.uk/eori>

If you are directly exporting animal or animal products, you will need an Export Health Certificate. Find out more information here: <https://www.gov.uk/guidance/get-an-export-health-certificate>. A list of approved individuals who can sign Export Health Certificates can be found online here:

<https://www.gov.uk/government/publications/find-a-professional-to-certify-export-health-certificates/scotland>

You will also need to be sure of trade tariffs such as commodity codes, duty and VAT rates. View them online here: <https://www.trade-tariff.service.gov.uk/sections>. You may also wish to liaise with buyers who will pay any additional costs.

For those who export regulated plants and plant products to the EU, EU third country import requirements will need to be met meaning more rigorous checks at the UK border. You will therefore need to check whether a phytosanitary certificate is required by contacting the Animal and Plant Health Authority (APHA) and apply for a phytosanitary certificate. For more information, contact SASA:

<https://www.sasa.gov.uk/plant-health/plant-health-licensing>

Exports of seed potatoes from the UK to the EU will be immediately banned in a no deal situation pending phytosanitary approval from the EU. For export to non-EU destinations you will need to determine where alternative procedures may apply – because in the past these exports will have moved under EU rules. For more information, contact SASA: <https://www.sasa.gov.uk/seed-ware-potatoes/potato-exports>

If you produce or sell fruit and vegetables which are subject to marketing standards, some of the processes you follow will change if the UK leaves the EU without a deal. More information is online here: <https://www.gov.uk/guidance/fresh-fruit-and-vegetable-marketing-standards-if-the-uk-leaves-the-eu-without-a-deal>

Grain and grain product exports will not be subject to any special inspections, certification or controls, but will be subject to procedures required for all good exports, as set out above.

- **Importers**

To import products or inputs directly from the EU, you will require an EORI number – see above section.

If you import directly, you are recommended to register for Transitional Simplified Procedures for customs which will streamline customs declarations at borders. More information is online here: <https://www.gov.uk/prepare-import-to-uk-after-brexit>

UK Government has issued guidance to businesses on importing animals, germplasm and products of animal origin from the EU and third countries, which is online here: <https://www.gov.uk/government/collections/guidance-on-importing-and-exporting-live-animals-or-animal-products>

For those who import controlled plant and plant material from the EU or through the EU from third countries, sellers from the country of export will need the correct authorisations in place to pass checks at the borders.

As with the situation for exporting plant and plant material, for consignments of goods currently managed under the EU Plant Passport regime, a Phytosanitary Certificate (PC) will be required from the country of export. APHA will also need to be notified in advance of the shipment's arrival. More information is online here:

<https://www.gov.uk/guidance/importing-and-exporting-plants-and-plant-products-if-theres-no-withdrawal-deal#importing-plants-and-plant-products-from-the-eu>

- **Organics**

In a no deal scenario, the UK will lose EU organic certification and logos on packaging will need to change.

UK businesses will only be able to export to the EU if they were certified by an organic control body recognised and approved by the EU to operate in the UK. To do this, UK organic control bodies will need to apply to the European Commission for recognition. UK control bodies are not permitted to make these applications until the UK becomes a 'third country' – i.e. after a no deal Brexit. Speak to your organic control body to find out their arrangements.

More information is online here:

<https://www.gov.uk/government/publications/producing-and-processing-organic-food-if-theres-no-brexite-deal>

- **Employment**

If you employ permanent staff who are EU citizens or who have close family members who are EU citizens, they will need to register under the EU Settlement Scheme if they wish to remain in the UK after EU exit. The Employer Toolkit is online here: <https://www.gov.uk/government/publications/eu-settlement-scheme-employer-toolkit>

On 5 September 2019, the UK Government reviewed its arrangements for EEA citizens travelling into the UK after a no deal exit on 31 October. As such, the new arrangements will be that any EU citizens moving to the UK for the first time after no deal will be able to apply for a 36-month temporary immigration status under what is called European Temporary Leave to Remain.

More information is available here: <https://www.gov.uk/government/publications/no-deal-immigration-arrangements-for-eu-citizens-moving-to-the-uk-after-brex-it/no-deal-immigration-arrangements-for-eu-citizens-arriving-after-brex-it>

In terms of workplace rights, all workers in the UK will continue to be entitled to the rights they have under UK law. The government will make small amendments to the language of workplace legislation to ensure the existing regulations reflect the UK is no longer an EU country, but these amendments will not change existing policy.

- **Regulatory regimes**

The UK's legal framework for enforcing domestic environmental legislation by UK regulatory bodies or court systems is unaffected by leaving the EU and continues to apply. Environmental targets currently covered by EU legislation are already covered in domestic legislation. Permits and licenses issued by UK regulatory bodies will continue to apply as now. However, over time, changes may start to emerge – look out for future advice from Scottish Government and NFU Scotland.

The laws that ensure the safe use of pesticides (plant protection products) will be similar to existing laws, but in a no deal scenario, EU decisions on approved products and Maximum Residue Levels will cease to apply. However, compliance will still be required on products exported to the EU or markets that require the EU standard. Up-to-date guidance is online here: <https://www.hse.gov.uk/brex-it/regulating-pesticides-no-deal.htm>

Check your labelling requirements – after no deal, it will no longer be permitted for UK food to be labelled as a product of the EU. More information is available here: <https://www.gov.uk/guidance/food-labelling-changes-after-brex-it>

For those who trade in products with an EU Geographical Indicator logo, there will be no immediate impact as logos will continue to be used. A new UK GI scheme will be put in place in due course, and companies will be able to phase in the new logos over a three-year transition period.

- **Breeding stock**

UK-recognised breed societies and operations involved in the trade and movement of purebred livestock and germinal products would no longer be recognised societies or operations in the EU.

A recognised UK breed society or breeding operation would no longer be automatically entitled to enter their pedigree breeding animals into an equivalent breeding book in the EU and would have no right to extend a breeding programme into the EU. More information on breeding animals is online here:

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

- **Plant variety rights**

Most current plant varieties that UK growers may wish to grow have been granted UK plant variety rights.

UK Government has published a catalogue of information on what businesses need to do to apply for plant variety rights and to market plant reproductive material in the case of a no deal. View the resources online here:

<https://www.gov.uk/guidance/plant-variety-rights-and-marketing-plant-reproductive-material-if-the-uk-leaves-the-eu-without-a-deal>

- **Transport and logistics**

EU-issued Animal Transport Authorisation certificates of competence and vehicle approval certificates will remain valid for journeys into the UK, for an as yet undetermined period of time.

However, in a no deal scenario, UK-issued Animal Transport Authorisation certificates of competence and vehicle approval certificates will no longer be valid in the EU. Transporters wishing to transport live animals in the EU after the UK leaves will need to appoint a representative within an EU country and apply to the relevant government department within the Member State to obtain valid documentation.

UK hauliers who hold existing EU Community Licences will not need to apply for a permit to continue operating in the EU until at least the end of 2019. Arrangements past that point are yet to be agreed between the UK and EU.

If you haul goods, or indeed drive, in the EU after no deal then an international drivers permit will be required. You will also need to carry trailer registration plates and papers, motor insurance green cards, relevant documents for the import/export of any goods you're carrying, and you must display a GB sticker on the rear of the vehicle.

As happens now, trailers will need to be registered with the DVLA to be taken abroad.

### Step 3: Who to speak to next

- Speak to your **staff** who are from the EU to find out about their plans. If they are permanent staff who plan to stay on and haven't yet signed up to the Settled Status Scheme, encourage them to do so.
- If you are in a supply contract, speak to your **buyer**. What plans do they have in place should there be market disruption? What guarantees can they offer you? Are you liable for any extra cost if you fail to meet your obligations?
- If you have any other buyers, discuss **financial risks**. Consider asking for payment at the point of order or delivery.
- Speak with **suppliers** to find out about their arrangements if supplies are disrupted by border delays or other issues. Have they made contingency arrangements, and can they give you assurances? If not, can you make contingency arrangements elsewhere? Can you lock in a price? Have your suppliers got the necessary certifications in place?
- Speak to your **vet** about veterinary medical supplies and routinely used products, to ensure they will be available in time.
- Speak to your **accountant** or a financial adviser about financial modelling and cashflow planning. Remember to consider possible exchange rate risk.
- Speak with your **bank** manager if you believe you may require an overdraft extension or other finance to give you a cushion.

- **NFU Scotland** is here for you – if you have a question about a specific aspect of how to prepare your business that has not been addressed here, then our dedicated team can help you find the answer. We are available on the phone at 0131 472 4000 or you can email at [brexit@nfus.org.uk](mailto:brexit@nfus.org.uk).

#### **Step 4: Where to find specialist guidance**

##### **From government**

- UK Government's Prepare Your Business for Brexit Tool:  
<https://euexitbusiness.campaign.gov.uk/>
- Guidance from the Department of Food, Environment and Rural Affairs:  
<https://www.gov.uk/guidance/the-farming-sector-and-preparing-for-eu-exit>
- Scottish Government's advice pages: <https://www.mygov.scot/brexit/>
- Scottish Enterprise's Prepare Your Business for Brexit website, with a handy self-assessment tool and detailed information on customs requirements:  
<https://www.prepareforbrexit.scot/>

##### **From industry**

- AHDB Brexit impact calculator, resilience checklist and Brexit toolkit:  
<https://ahdb.org.uk/brexit>
- Brexit Food Hub information for agriculture, food and drink businesses:  
<https://brexitfoodhub.co.uk/>
- Food Standards Agency advice for importers and exporters:  
<https://www.food.gov.uk/business-guidance/prepare-your-business-for-the-uk-leaving-the-eu>
- For information on what NFU Scotland is doing to represent your interests in the Brexit negotiations: <https://www.nfus.org.uk/policy/brexit.aspx>