

Holst, newsletter



Brexit – Export and EU principles at stake

Immediately after the Brexit referendum was held, the Brits saw the effect of their voting: the exchange rate of the British pound fell and consequently, purchasing power towards foreign goods decreased.

In 2016, Danish companies exported goods worth DKK 40 billion to the UK, hence the effect from Brexit may influence the Danish economy. What EU principles are at stake, how may this effect your business, and is there anything you can do right now?

Danish export to the UK in numbers

Strangely enough, we did not see a decrease in Danish export to the UK immediately after the referendum in 2016. Quite to the contrary, Denmark experienced an increase in export to the UK in 2016, and in 2017 too.

Numbers from 2018, however, show that this tendency is exposed to huge fluctuations. It is unknown if this is due to the uncertainties Danish exporters (and/or British importers) face on account of Brexit. A lot of basic principles of importance for trade to and from the UK are thus at stake when leaving the European Union.

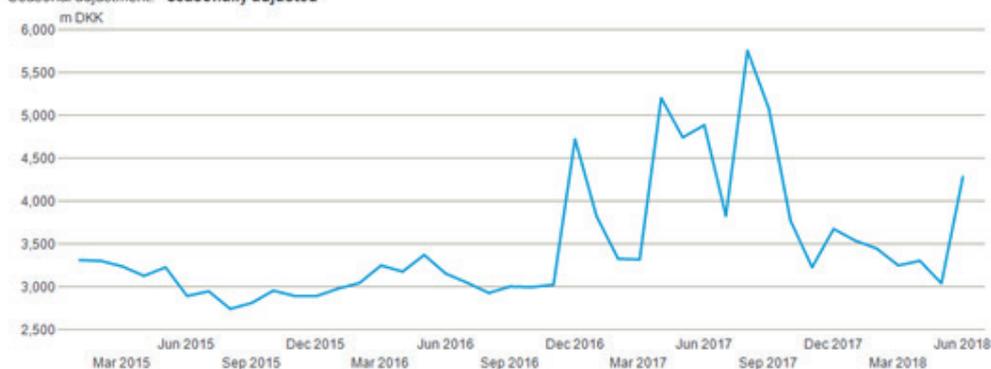
EU principles at stake

The Treaty on the Functioning of the European Union (TFEU) set out the principle of free movement of goods and further set out a series of rules abolishing restrictions on international trade.

The two most important principles when talking trade are the customs union and the prohibition of quantitative restrictions between member states.

Total external trade

Country: United Kingdom | Imports and exports: Exports (excl. vessels and aircraft, fuels etc.) | Seasonal adjustment: Seasonally adjusted



Source: Statistics Denmark

The customs union among other things ensures that there are no customs duties on imports and exports within the European Union.

The prohibition of quantitative restrictions between member states means that no member state may set up restrictions making it harder for foreign vendors to sell their products in the country.

When Britain is no longer a member, the treaty will no longer apply and restrictions may therefore be imposed. We still do not know what kind of deal the UK and the remaining 27 member states are going to agree to, and we therefore do not know the amount and extent of such restrictions.

If you are trading on the British market and you expect to be on the British market after expiry of the transition period (31 December 2020) you should, however, be prepared for changes relating to your business.

The possibility of new tariffs, country rules of origin certificates, product standard checks and other customs procedures will surely introduce uncertainty into some contracts. The possibility of quantitative restrictions on imports/exports or other measures having equivalent effect will do the same.

However, such uncertainties may be dealt with already by identifying the possible implications of Brexit on your company, your commercial relationships and your contracts and by inserting the relevant reservations into your contracts. Holst, Advokater is naturally there to assist if you wish a preliminary Brexit check of your contracts or drafting of a new contract taking the current situation into account.

Contact



Anders Hedetoft
E, ahe@holst-law.com
T, +45 8934 1110
M, +45 3010 2210



Anna M. Stubben Skovsgaard
E, ams@holst-law.com
T, +45 8934 1182
M, +45 3010 0582