

# Industry Report

## Government inaction consigning UK industry to Brexit black hole - your chance to act

Jacqueline Balian, GAMBICA, [jacqueline.balian@gambica.org.uk](mailto:jacqueline.balian@gambica.org.uk)

**The government has pledged to go 'further and faster' to maximise the opportunities of Brexit. To mark the one-year anniversary of the UK-EU Trade and Cooperation Agreement (TCA), Prime Minister Johnson has said: "From Singapore to Switzerland, we've negotiated ambitious free trade deals to boost jobs and investment here at home. We're cutting back on EU red tape and bureaucracy and restoring common sense to our rulebook."**



Unfortunately, he's not cutting back on UK red tape and bureaucracy which is having a chilling effect on UK companies trading with the EU so GAMBICA members are examining the options for action.

UK companies have a great reputation across Europe for maintaining, servicing and calibrating high tech equipment. European companies seek us out to do this work. Servicing income is important to most UK manufacturers, but the processes put in place by HMRC to temporarily import products to be maintained, serviced or calibrated have become so difficult that for many UK companies: "It's not just shooting UK industry in the foot - it's a ballistic missile to the head."

One commented: "I can't over-emphasise just how important an 'efficient' clearance of repair/parts business is. It is not just the stream of repair business itself that is at risk from an inefficient customs process. Our key customers base investment decisions on our ability to cost effectively service, repair and upgrade their investment assets. A really slick customs regime (for repairs and parts) between UK and EU is vital to win new business and retain existing business."

One of the big issues for UK companies is that they have to rely on their customers to get the paperwork right if they are to claim relief and avoid paying VAT on the entire capital value of the goods, rather than just their calibration or servicing charges. It's complicated and confusing, and in many cases, even the authorities in Europe don't understand it. And there's an additional problem; many fast parcel operators haven't bothered to update their systems post Brexit, so their users don't even have the option to select 'temporary import' at the outset. What has the Government done about this? Not much it seems. Apparently it hasn't even asked them to improve their websites.

GAMBICA members say: "I think the government needs to get a proper handle on this with the EU importing countries and for them to be more consistent in their checks and to be less stringent, - why does one package get through and another with the same information on get stopped (and then it goes into a black hole)? Is it the understanding from the foreign parties as to what the rules are or does one customs agent look at a scenario differently to another customs agent?"



Another asks: "Why have couriers been handling the same customer and goods for many shipments and then all of a sudden they won't hand over goods to a customer without payment at the door, even though the customer has a deferment account and all the information is on the paperwork?"

"80% of our business is export and we are suffering huge difficulties with the couriers. Customs are causing big issues but the brokers are doing a poor job of explaining what is needed to get the goods cleared. We believe we have now got excellent paperwork with no help from our fast parcel operators."



The fast parcel operators target their staff with getting a certain number of customs applications through per day. It's human nature that the complicated ones get put to one side in favour of meeting targets by pushing through simple applications. But its British businesses which are suffering as a result.

Mistakes made by customers and fast parcel operators can be corrected, but not without a huge amount of effort and as another member says: "HMRC were no help really, as it is our responsibility to obtain the correct documents, their staff were not able to assist."

In despair another GAMBICA member has commented: "We are now thinking of giving up on the UK for our warehousing and logistics and moving it inside the EU."

There are three issues; the complexity of the HMRC inward processing and outward processing systems, the failure to get fast parcel operators committed to making their systems fit for purpose; and the failure to train fast parcel operator staff and all those affected both in the UK and the EU, to understand the processes and what needs to be done.

If we aren't to lose a whole area of British industry, this needs to be addressed and soon. That's why GAMBICA is forming a special interest group of members affected by the inward processing and outward processing debacle. The aim is to identify ways which the current over-engineered system could be made easier to operate, both for UK companies and their customers in the EU.

We are hoping to build on our experience of working to get clarity on what should and should not be zero rated for VAT. We have been trying to persuade HMRC that their job in relation to VAT is not to maximise the Government's take but to get the best value for the UK. And we also think that means not charging VAT on equipment being bought for medical or veterinary research with money donated to charities.

If you would like to know more about Inward Processing and Outward Processing systems, or you would like to join our campaign - get in touch.

[Jacqueline.balian@gambica.org.uk](mailto:Jacqueline.balian@gambica.org.uk)