

## What comes next? The business analysis of no deal – Summary of Recommendations

In '*What comes next? The business analysis of no deal*', the CBI has supported government and business efforts to help prepare for a no deal exit by publishing practical steps the UK, EU and businesses can take to reduce the worst effects. [Read the full report](#).

The 200 recommendations from the report, 'What comes next? The business analysis of no deal', are based on a comprehensive study of existing plans laid out by the UK government, European Commission, member states and firms.

### Recommendations for the UK Government

#### 1. Immediately put the civil service back onto a no deal footing and bring forward a plan for business engagement

- Engagement with stakeholders has been paused since April. Monthly meetings of the EU Exit Business Advisory Group should resume by the end of August, with progress communicated to the Chancellor and relevant Secretaries of State.
- Business engagement needs a two-fold objective: to share information and better prepare the UK economy for no deal, and also establish vital communication routes, relationships and structures should no deal occur.

#### 2. By the middle of August, review and update all technical notices and Brexit preparedness advice

- **Firstly**, a complete review of all technical notices is needed to update obsolete advice and information.
  - For example, current advice on aviation states that EU air freight operators can continue operating as they do now up until 27 October 2019, three days before the UK's exit from the EU.
- **Secondly**, outline what is meant by 'temporary' in its definitions of temporary measures, to provide firms with a long-term horizon for planning purposes.
  - Understanding the government's intentions for tariff schedules in the longer-term will support firms in financial planning and investment conversations.
  - Government plans for Northern Ireland are another area where provisions are temporary, but the lack of definition is causing concern in one of the most sensitive areas of the UK.
- **Third**, government should look to take on some of business' suggestions about the accessibility of information displayed in technical notices. This can be overwhelming and leads to disengagement.
  - Some of the filters the government has applied to its no deal advice are sensible, for example dividing by sector or area, but to be truly business-friendly it would focus on essentials.
  - It would also allow filtering by role, so that HR Directors can access information about EU employees easily and Chief Financial Officers can access information about tax and tariffs, without worrying about other elements.

**3. By the beginning of September, launch a targeted communications campaign with simple and clear advice for firms**

- **Simplicity** - provide clear and simple reassurances on issues such as EORI numbers and settled status for EU workers, emphasising the free and simple nature of provisions which can make a big difference.
- **Focus** - Secondly, on issues that have received the least attention – for example, problems with the free flow of data and non-EU trade deals. A week-long focus on each ‘hidden issue’ would be an effective way of campaigning
- **Personalise** - for example, providing reassurances on the Common Travel Area through townhalls in Irish border towns.

**4. By the end of August, confirm plan for additional parliamentary time to complete legislation necessary for no deal and begin promised consultations for the post-no deal UK**

- The Trade Bill has not been advanced, and there are Statutory Instruments (SIs), approximately 100 Statutory Instruments still outstanding, including some essential to business continuity. For example, those establishing the UK’s new tariff schedules or providing new electricity connection codes, vital for the functioning of the UK’s electricity market in no deal scenario.
- Reducing summer and conference parliamentary recesses and/or extending the parliamentary week will be necessary to achieve this.

**5. By the beginning of October, publish crucial preparedness measures to provide transparency and confidence in government readiness**

- Adopt a refreshed, transparent approach to no deal preparedness, being unafraid of areas where preparedness is low if it has plans to mitigate that. This could be a particularly positive step if it demonstrates increased preparedness over time in the run up to no deal.

**6. By the middle of October, have scaled up trials of crucial IT systems**

- Trials of new systems are a standard aspect of launching major changes.
- The trials of the EU Settled Status scheme are proof that if improvements can be made during the experimentation period, it can make full launches much easier.

**Recommendations for the EU**

**1. By the middle of August, start drafting further communications to be released to priority audiences in the event of no deal**

- It will not just be businesses looking for messages of reassurance. UK students at institutions across the continent and frontier workers will be particularly anxious about the future.
- As it works on drafts, the EU should consider the possibility of launching these communications jointly between the UK and the EU if no deal occurred.

**2. By the start of September, bring forwards the ability for UK firms to apply for essential licenses as a third country before the UK leaves**

- It would be a fairly simple step for the European Commission to take to say that UK authorities and firms can begin to make applications as a third country before it has left – for example on organic foods that will otherwise be shut out of the EU market for 4 months.
- There would be no additional impact on the sanctity of the single market – but it would remove some unnecessary disruption.

**3. By the start of October, begin preparations – both at an EU and Member State level – to be able to move quickly into no deal negotiations should the UK crash out of the EU**

- If no deal occurs, the need for negotiations between the UK and the EU will not disappear. The need will intensify, for example because the UK and the EU will be operating in a regulatory purgatory with regard to the Irish border.
- The UK will also need to apply to the EU as a third country for a range of very specific deals that are available to third countries that meet the right standards, including an equivalence determination on financial services to limit the impact on financial stability, market integrity, investor and consumer protection and fair competition.
- Organising these emergency talks should begin with initial conversations with the Sherpas that attend the EU's General Affairs Council, a proposal for an organisational structure to handle these conversations and the selection of individuals who would be required.

**4. At the next European Council in October, discuss priorities for temporary standstills or extensions of temporary measures**

- At this last-minute meeting between Europe's political leadership, big decisions will have to be taken. If no deal is a likely outcome, the EU should consider whether it would offer any final hour temporary standstills in order to reduce the disruption of no deal.
- Business' priorities for temporary measures or 'mini extensions' would include borders and data flows.
- For European Prime Ministers and Presidents to be adequately prepared to have such a conversation at the October European Council, papers would need to be drafted and agenda items tabled in advance. Early thinking about this possibility is therefore vital.

**5. If no deal occurs, match, at least for a period of time, the UK's temporary mitigations**

- Given the imbalance between the UK and EU's approaches to no deal, there are many temporary measures that the UK has adopted which the EU should also match. For example, to reduce the possibility of chaos at borders, the UK has granted temporary rights for cabotage for EU aviation and haulage, as well as mutual recognition of the EU's Authorised Economic Operators (AEOs).
- These additional actions should also take into consideration the immediate impact of no deal on services trade.
- The pan-European employers' organisation BusinessEurope has written to the European Commission already outlining its priorities for further no deal measures on reciprocal basis including:
  - continued recognition of UK standards to maintain exchanges of data;
  - coordinated measures at ports to protect supplies of food and medicines;
  - grace periods in regulation of energy, food and chemicals;
  - continued information exchange in customs, public health and consumer safety;

- and measures to address gaps in the temporary permissions regime for financial services such as cross-border mortgages contracts.

## **6. If no deal occurs, encourage a pragmatic approach from authorities and Member States to liability and citizens**

- If hauliers and logistics providers can demonstrate best endeavours to try and meet new requirements, customs authorities should be pragmatic about small errors made in haste.
- EU Data Protection Authorities could also consider approaching enforcement in a no deal Brexit as it did when the EU's Safe Harbour arrangements with the US fell.
- Actions perceived as disproportionate by the UK or the EU during sensitive talks may further endanger strained relations and jeopardise efforts to find solutions for the Irish border.

## **Recommendations for joint action between the UK and the EU**

### **1. If no deal occurs, immediately enter emergency talks to provide temporary resolutions for Northern Ireland**

- The first flight the UK Prime Minister, the Irish Taoiseach and the President of the European Commission must take if no deal occurs is to Belfast
- At the very least, a temporary negotiated settlement for the Irish border is essential to agree within the first weeks of no deal.
- Ideally, parties in Northern Ireland should attempt to reach an emergency compromise to restore governance in the region for the period of no deal talks. If this ideal situation cannot be reached, then representatives from parties across Northern Ireland should be closely involved in agreeing temporary resolutions. Any solution for the Irish border, even one that operates for only a short period of time, will not last if it is implemented without the consent of residents in the region.

### **2. If no deal occurs, attempt to re-open full negotiations as soon as possible**

- No deal is an untenable state of affairs. A number of negotiations will need to begin rapidly, for example on an aviation agreement in order to ensure that flights between the UK and the EU can continue 6 months after no deal.
- It will undoubtedly be for the UK government to request talks with the EU to resume, though the business community would like to see a reasonable and open response from the EU in turn.

### **3. If no deal occurs, share information between authorities to closely monitor potential crunch points together**

- Both sides should monitor passenger delays, goods delays, services disruption, financial markets, and – crucially – disturbances around the Irish border as areas of priority.
- If and when disruption does occur in these areas, authorities that cooperate will have the fullest range of information and therefore stand the highest chance of being able to reduce the impact on people's everyday lives and livelihoods.

## **Recommendations for Businesses**

### **1. Immediately resume no deal preparations**

- Three principles for business preparation for no deal are important.
- The first is the art of the possible. With the time available for firms to prepare for another no deal deadline, it is almost certain that the economy will be less prepared than it was in March 2019.
- The second is leadership.
- The third is communication. For UK firms, EU suppliers and customers are the priority audience for that communication and many had drafted communications to send in the event of no deal to that audience.

### **2. By the start of September, if resource allows, have made plans to communicate additional needs for mitigations to the UK and the EU governments**

- Firms with European headquarters, suppliers or other relationships should reach out to any political contacts they have in the European Commission or Member States if they have concerns about current levels of preparations.

### **3. By the middle of October, have agreed and reinforced communication routes into government**

- Company leadership teams or internal Brexit committees should take steps in advance of no deal to ensure they have agreed routes into government for any crisis information sharing, and have confirmed those communication action plans with their partners in advance.

### **4. If no deal occurs, prioritise people**

- If no deal occurs, business' internal communications processes should be geared towards reaching out and reassuring these employees. It will be important to have communications prepared and signed off in advance of no deal occurring, in order to be ready to send very quickly to this audience.