

# GETTING READY FOR BREXIT

Customer discussion document

**Last Updated:** August 2020



# AGENDA

- **Current Situation**
- Political Engagement
- How DHL Express is Preparing
- Preparing Your Business





# CURRENT SITUATION

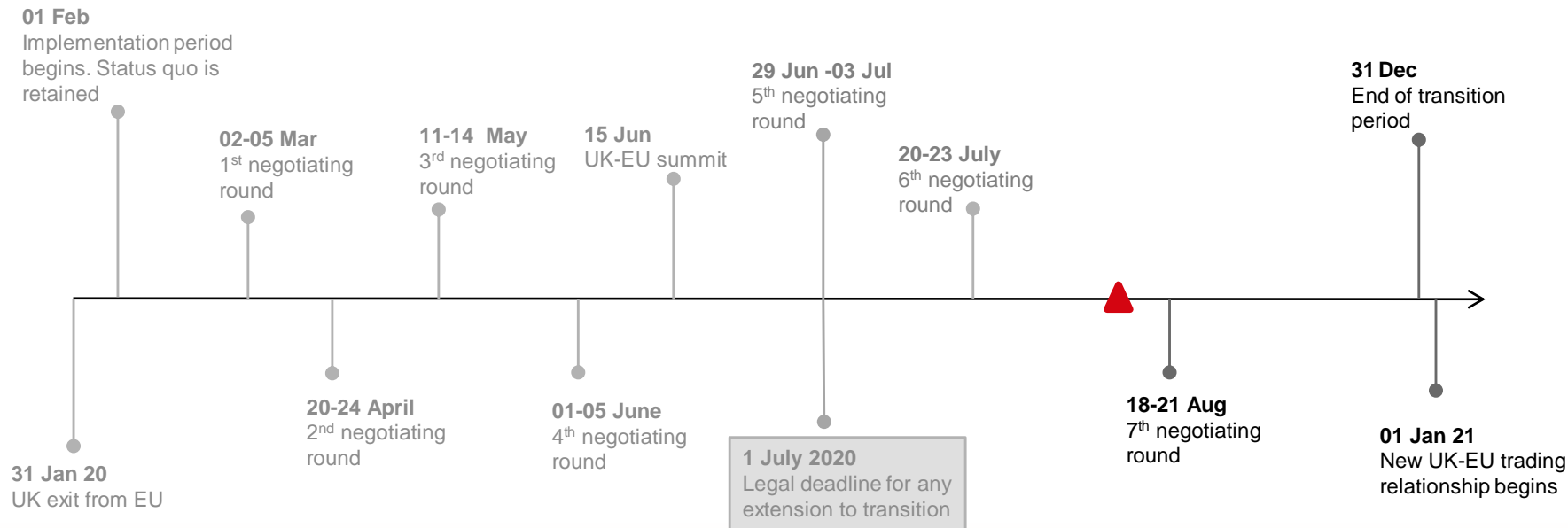
BRITAIN

A 3D puzzle of the word 'BRITAIN' is shown against a background of the European Union flag (blue with yellow stars). The letters are made of puzzle pieces and have a red, white, and blue striped pattern. The puzzle is partially assembled, with some pieces missing, particularly on the right side. A single puzzle piece is shown being placed into the gap on the right.

# Brexit Timeline: Political Milestones



## UK-EU trade negotiations on-going





## DHL Express is preparing for **Brexit** (1/2)

**Our expert taskforces in the UK and Europe have been assessing every aspect of Brexit for more than 2 years now, considering all implications for trade in goods.**

As international specialists, we're already in a strong position with our existing customs teams, network capabilities and experience in tackling such challenges.

### **SUMMARY OF CURRENT SITUATION:**

- The UK left the European Union on **January 31<sup>st</sup> 2020**.
- The **transition period** agreed in the Withdrawal Treaty started on February 1<sup>st</sup> 2020 and is to end on December 31<sup>st</sup> 2020.
- During the transition period the **EU and UK negotiate a new Free Trade Agreement (FTA)**. The aim is for both parties to reach a comprehensive trade agreement, as described in the Political Declaration. As this endeavour is challenging in such a short period of time, trade relations could potentially fall back to World Trade Organization (WTO) standards.
- During the transition period the **current legal status quo continues to apply**, and the UK is treated like a EU member state without the right to participate in the block's decision-making.





## DHL Express is preparing for **Brexit** (2/2)

**Throughout the transition phase, our cross-border business remains unchanged.**

Across the business we are making significant and continued investment with the aim of maintaining service post-Brexit, regardless of the future trading arrangements between the UK and the EU. There are still a number of critical questions about the way goods will move across borders between the UK and the EU, and importantly the different arrangements that will need to be put in place between Great Britain and Northern Ireland.

- Notwithstanding the still unknown operational details in the areas of customs, employment, road transport and aviation, our planning continues based on the assumption that the post-Brexit trade scenario will include customs and border formalities between the UK and EU and also between Great Britain and Northern Ireland following the implementation of the Ireland/Northern Ireland Protocol.
- Through our global activity, we are used to adapting to changing trade conditions and whilst Brexit is presenting all companies with exceptional challenges, we will all need to work together to overcome them. We will continue to inform you of any developments.

**In the meantime, please be assured that our determination to maintain an excellent service for all our customers remains unchanged.**



## Current Situation: Transition Period (1/2)



**During the transition period (i.e. until December 31<sup>st</sup> 2020) there is no change to how we currently operate, everything remains the same.**

This means:

- No customs, no changes to the current trading regulation;
- No controls at the EU and UK border;
- Free movement of persons and employees taking place according to the existing rules - the identity card will still be a valid travel document;
- No restrictions on road transport;
- No need to adapt exported goods to other standards;
- No need for additional certificates;
- No need to submit customs declarations, apply for licenses, meet different sanitary or phytosanitary requirements;
- No restrictions on the free movement of capital;
- Continued mutual recognition of qualifications.



## Current Situation: Transition Period (2/2)



- **In practical terms the transition period will end on December 31<sup>st</sup> 2020.** The UK will become a third country for the EU and thus restrictions would be in place. These will relate to borders and the need to comply with customs and other requirements in movement of goods.
- **From January 1<sup>st</sup> 2021** the terms of economic cooperation between the two entities are supposed to be dictated by a new Free Trade Agreement (**FTA**). Customs controls will apply but Customs Duties may be completely eliminated. However, VAT and excise rules will be levied.
- In the case an FTA is not reached, the economic relations between the EU and the UK will be governed by the rules of the World Trade Organization (**“no-deal” Brexit**). Customs rates will apply as currently for third countries, the rules for settling VAT will change, the rules for collecting excise duty will change.

**No matter “deal” or “no-deal” – these and many other obstacles to trade would constitute new realities on the EU27 – GB route.**





## Current Situation: The Northern Ireland Protocol (1/2)



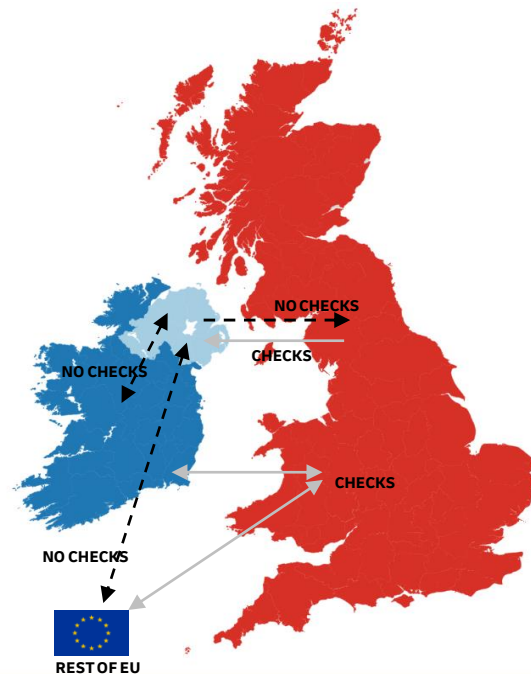
### What does the Protocol say?

- Protocol is designed to be a “fully legally operative solution.” It will come into force from 01/01/2021.
- NI remains in the UK’s customs territory, but aligns with EU Single Market rules.
- NI will remain in the UK VAT area, but in alignment with EU VAT rules (including access to EU’s IT system).

### What does it mean generally?

- No customs procedures, regulatory checks of tariffs on Northern Ireland (NI) to Rest of Ireland (RoI) trade (and vice versa).
- Goods moving from GB to NI will be tariff free, unless they are “at risk” of entering the EU. Goods moving from RoI to NI “at risk” of entering GB will face tariffs.
- The extent of customs procedures and regulatory checks for goods moving between GB and NI are subject to disagreement between UK and EU.

*current working assumption*



# POLITICAL ENGAGEMENT





## DHL is active with **political engagement**

DHL is working closely with the EU and the UK legislators, to help them understand the complexity and implications of Brexit terms on businesses, highlighting issues and calling for terms that are in the interest of our organisation and our customers.



### **CUSTOMS**

Simplified declarations /  
Inland pre-clearance /  
Use of periodic payments /  
Use of simplified  
procedures / processes  
post-BREXIT.



### **ROAD HAULAGE**

Maintenance of current road  
market access as much as  
possible / No rationing of  
international freight permits  
/ Mutual recognition of  
driving licences and driver  
qualifications & vehicle  
standards / Light touch  
international trailer  
registration



### **PORTS INFRASTRUCTURE**

Allow for inspection  
away from the border /  
Reduction in checks  
for agrifood (Sanitary &  
Phytosanitary goods)  
on both sides of  
the border



### **AVIATION**

European Aviation Safety  
Agency (EASA) and UK Civil  
Aviation Authority (CAA)  
membership /  
Conclusion of an Open Skies  
Agreement between the EU and  
the UK and protection of  
investment by EU citizens in UK  
carriers / Agreement providing  
for the mutual recognition of  
cargo security



### **IMMIGRATION**

Simple visa  
requirements for  
key workers

**NOTE:** Progress in above areas is dependent on reaching agreement on a number of sensitive topics such as level-playing field or fisheries.

# WHAT WE ARE DOING AND HOW WE CAN HELP







## As **International Specialists**, we're already in a strong position

We already have a number of key differentiators and all the expertise needed to support you through Brexit:



**3000+**  
dedicated customs  
professionals



**50+ million**  
customs transactions  
each year



**60+**  
bonded or customs warehouses  
in the EU and the UK



**AEO**  
DHL is an Authorised  
Economic Operator



### WHAT IS AEO?

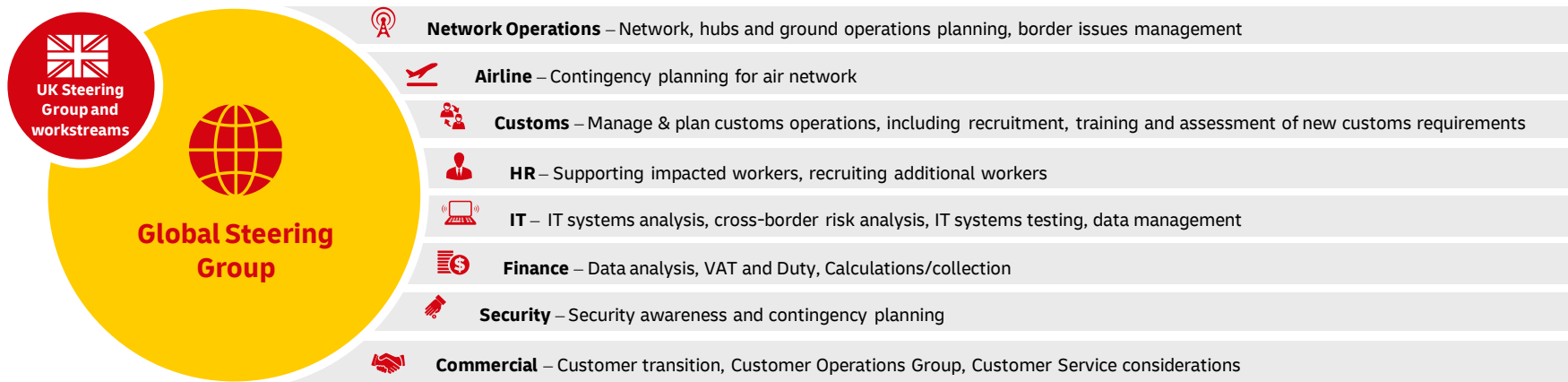
- Authorised Economic Operator (AEO) status is an international quality mark for companies whose customs processes are trusted, secure and efficient
- AEO enables us to leverage simplifications in Customs processing which facilitates goods release from Customs and allows deferred payments



# What is DHL Express doing to **prepare for Brexit**?

Our Brexit Taskforces in UK and Europe have been in place for more than 2 years to ensure the DHL operational readiness

## DHL Express – Brexit taskforce workstreams





# DHL Express Implementation Planning

We are enhancing our DHL infrastructure & increasing resources to ensure a smooth Brexit transition without disruptions

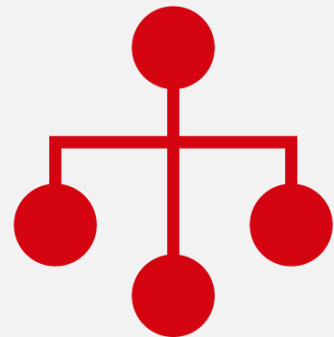




## 1 Enhance our **systems** and **infrastructure**

### We are currently implementing the following actions:

- **Standard Shipping Tools:** Our IT systems have been reviewed and development taken place to ensure all systems are ready for product code changes and to accept line item information to facilitate customs clearance. This includes our electronic shipping tools. Changes required to our standard shipping tools, such as MyDHL+, will automatically be in place ready for Brexit.
- **Bespoke Shipping Tools:** If you currently have a bespoke IT shipping tool (EDI or API) or use Shipment Import within EasyShip, we suggest you speak with your account manager or the ESS Helpdesk to discuss the development needed. We have a guide available outlining the system changes you'll need to make. If you're only shipping to the UK or within the EU currently, we recommend you get in touch with us.
- **Bond Capacity:** Increasing bond capacity in the UK and EU. Additional bond space has been sourced and our existing bonds are being expanded. This will allow us to handle the increased number of bonded shipments we're expecting if Customs requirements are applied to/from the UK.



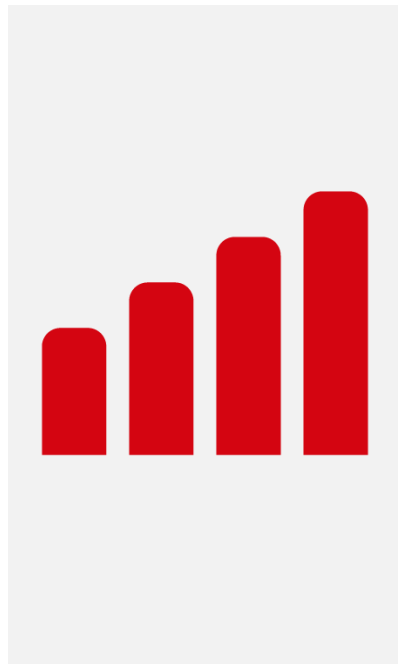




## 2 Increasing our **resources** to manage Brexit requirements

### Managing the impact of changing regulations

- **Customs:** We currently anticipate the need to employ and train hundreds of additional customs agents and support staff, both onshore and offshore, to manage and process additional customs entries.
- **Operations:** Additional resources for Duty & VAT collections, additional couriers, operational processors and support staff.
- **Vehicles:** Investment in vehicles and equipment for the additional couriers.
- **Customer Service:** Additional customer service advisors to support with an increased volume of queries.
- **Permits:** We are ready to apply for ECMT\* permits for our drivers, as well as for International Driving Permits, in the case it will be required.



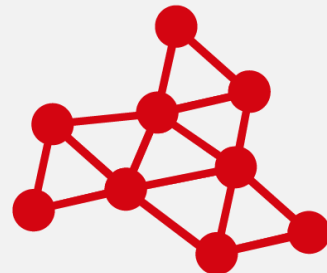
*\*ECMT – European Conference of Ministers of Transport*



### 3 Minimise disruption to customer supply chains

#### Preparing our network for the post-Brexit:

- We are exploring the option to introduce **greater capacity** to our own air network, as well as looking for **alternative road entry/exit** points to/from the UK.
- We are also reviewing our **line haul and sort hub** capabilities & timings **against customs-clearance deadlines** and exploring mitigation measures in the case the bottleneck is identified to be customs clearance capacity on the side of Customs authorities rather than freight capacity.
- **Moving day definite material to time definite air network (where compatible)** could be considered as a contingency measure to avoid potential delays at the Brexit moment, or as a permanent change to your supply chain model for goods destined to the UK/EU after Brexit. If this is the case, we recommend you discuss this with your account manager well ahead of time.





## 4 Delivering **service quality** for our customers

### We are investing to maintain the standard of our service post-Brexit

- During the transition period a dedicated Regional **Team monitors pro-actively any political developments** and coordinates the implementation of any required changes to the network.
- Across the business we are making significant and continued investment with the aim of providing a **seamless service as possible post-Brexit**, in what will be challenging circumstances.
- As a consequence of changing conditions triggering operational adjustments and impacting on our operational costs, we expect prices of our products to increase.
- We will keep you duly informed of:
  - any developments that may impact your shipments;
  - any changes to the current rates.



PUBLIC

# WHAT ABOUT YOUR BUSINESS?







## Preparing for Customs post-Brexit

### New Customs procedures will apply when trading with the GB after Brexit

#### Already trading outside the EU?

- If you're currently trading outside the EU, you'll be familiar with customs requirements.
- However, the information in this section could still be useful in helping you prepare.
- Thus please review the content on **Customs Data Integration**, availability of Commercial/Proforma Invoice, Paperless Trade and EORI numbers.

#### Only trading within the EU?

- If you currently only ship within the EU, now is the time to get familiarised with customs procedures.
- The following **CHECKLIST** (see next slide) is designed to highlight areas where you can make customs clearance a smoother process post-Brexit.
- We suggest reaching out to your local Chambers of Commerce for advice on any specific paperwork required for your products – they can produce Certificates of Origin (COO), ATA Carnets, etc.
- DHL Express will submit customs data & paperwork directly to Customs Authorities on your behalf.
- Therefore, we need to receive **high quality Commercial Invoice line item data** to transport & clear your shipments.
- Additionally, providing the relevant documents via our Paperless Trade option will help ensuring a swift customs processing.



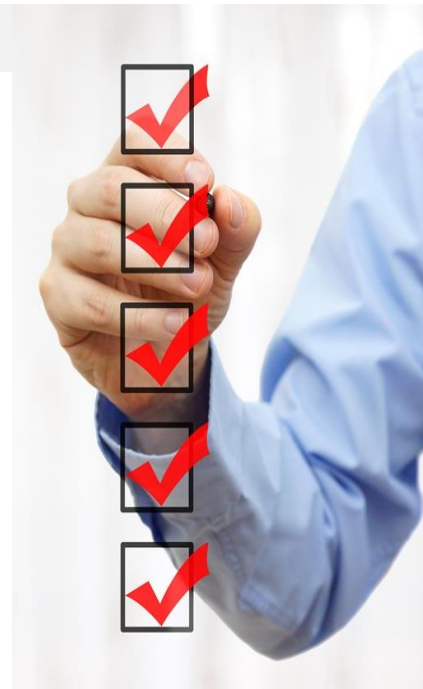
# Preparing for Customs post-Brexit

## CHECKLIST



Please find below a **checklist** (*non-exhaustive*) to help your business preparing for Customs Post-Brexit

- ☐ Make use of the **Customs Data Integration** options of DHL Express to provide high quality data including detailed **goods description**
- ☐ Be ready to provide **complete and accurate commercial or pro-forma invoice**
- ☐ Identify the **commodity code (HS/Harmonized System Code)** of your product and include on your Invoice and electronic data transmission to DHL
- ☐ Check if your products are classed as **document or non-document**, since those are treated differently from customs perspective.
- ☐ **Apply for an EORI Number** (for EU and GB)
- ☐ Check if any **product restrictions apply in the GB or EU countries** you're sending to
- ☐ Check if **additional licenses or certification** are needed for your product
- ☐ Check if there are **special requirements for controlled exports** that apply for your products
- ☐ Confirm your **UK VAT number** & the option of **postponed VAT** accounting
- ☐ Establish a **UK deferment account** for Import Duties & VAT
- ☐ Use our **DHL Duties & Taxes Paid (DTP)** billing service & ensure **compliant returns process setup**
- ☐ Are you using **Paperless Trade (PLT)**?



## Preparing for Customs post-Brexit Ολοκληρωμένα τελωνειακά δεδομένα



**Παρέχετε τα τελωνειακά σας δεδομένα ηλεκτρονικά στην DHL Express**  
(συμπεριλαμβανομένης και της λεπτομερούς περιγραφής των αγαθών);

☐ Yes ☐ No

**Avoid potential delays due to wrong or missing information by integrating your Shipment & Customs data with DHL Express.**

Via e.g. **API** or **EDI** messages, DHL Express receives the customs invoice data together with the shipment data (including **detailed goods description**). In this way the customs clearance process can start immediately giving huge advantages in terms of quality and lead time performance:

- Complete & accurate customs declaration with minimum human intervention
- Fast & automated customs clearance processes for both exports & imports
- Increased level of service quality, enabling clearance prior to arrival of goods
- Enhanced level of trade compliance towards Customs Authorities
- Enabler of risk-assessment (e.g. dangerous goods identification) prior to goods arrival

**Contact your DHL representative or Electronic Shipping Solutions Team to learn more!**



## Preparing for Customs post-Brexit Commercial/Proforma Invoice



**Are you ready to provide a complete and accurate commercial or pro-forma invoice** (and other Customs-relevant documents)?

☐ Yes ☐ No

**This is essential paperwork in order for your goods to clear through Customs Authorities.**

It's essential to provide detailed **goods description, commodity code (HS code) & correct goods value.**

If you need advice on what this paperwork should look like, go to [DHLGuide.co.uk/Brexit](https://www.dhl.co.uk/Brexit).

You have the option to produce a standard commercial or pro-forma invoice within our shipping tools, for example within MyDHL+

For DHL Express to clear shipments through customs on your behalf, a **number of documents** should accompany your shipment. They may differ by origin and destination. These documents can be submitted electronically using Paperless Trade (PLT) or attached to your shipment:

- Commercial or Pro-forma **Invoice**
- Any relevant **licences or certificates**
- A **packing list** is often required by destination Customs
- Depending on local regulations a **power of attorney** (for DHL to clear on your behalf) may be required

The **Waybill** (generated by the shipping tool) is also essential as Customs will compare your shipping paperwork to the waybill details, so ensure all information is correct and corresponds.





## Preparing for Customs post-Brexit Commodity Code



**Have you identified the commodity code (HS/Harmonized System code) of your product(s)** (to include on your Invoice and electronic data transmission to DHL)?

☐ Yes ☐ No

**The goods you are sending should be identified via a precise, internationally-recognised commodity code as this will ensure the correct duties and taxes are applied by Customs.**

This code is also known as a HS/Harmonised System code. To identify the commodity code for your product(s) visit:

<https://www.gov.uk/guidance/ask-hmrc-for-advice-on-classifying-your-goods>  
or  
<https://trade.ec.europa.eu/tradehelp/eu-product-classification-system>

**Ensure the commodity code is included on your commercial / pro-forma invoice & electronic data.**

The commodity code can be used to identify the duties and taxes applicable in each country you're sending to. The rates that will apply in the EU for UK (and vice versa) shipments are yet to be agreed.



## Preparing for Customs post-Brexit

### Product Class (Document vs. Non-Document)



**Have you checked if your products are classed as document or non-document** (since those are treated differently from customs perspective)?

☐ Yes ☐ No

When shipping internationally it is important to consider the content of your shipment, as documents and non documents are treated differently.

**Only items of correspondence can be considered documents**, such as letters and contracts, for example.

It isn't always obvious which category your shipment falls in to, so please speak with your account manager to ensure compliance.



# Preparing for Customs post-Brexit

## EORI Number



**Do you already have an EORI Number (for EU and GB) and provided the number to our DHL Customs Teams?**

☐ Yes ☐ No

### What is an EORI number?

- An EORI number is an **E**conomic **O**perator **R**egistration and **I**dentification number.
- You currently only need an EORI number when trading with countries outside the EU, as its required to release goods from Customs. As of January 1<sup>st</sup> 2021 you will need this to trade with the UK too.
- Apply via [www.gov.uk/eori](https://www.gov.uk/eori) - you'll get your EORI number by email, usually within 3 working days.
- In addition, **UK-issued EORI numbers will not be accepted by EU countries post-Brexit**, so register for an EU issued EORI number if you want to seamlessly continue importing or exporting goods to / from the EU.
- If you currently have an EORI number issued by a different EU Member State than UK, you'll need to obtain a UK EORI number for post-Brexit UK imports and exports.
- **Inform our DHL Express Customs team of the new number(s) and please include your EORI number(s) on the Commercial Invoice and Waybill to promote smooth and fast customs processing and clearance.**



# Preparing for Customs post-Brexit Product Restrictions



**Have you checked if any product restrictions apply in the UK or EU countries** that you're sending to?

☐ Yes ☐ No

- Check if restrictions apply to the product you're sending to UK using our country profile guidance at [www.dhl.com](http://www.dhl.com)
- If your products are on the list returned, contact DHL Customer Service to confirm the details of the regulation in place. For the EU-bound goods, please contact your DHL Account Manager to ensure compliance.
- Please have in mind that for the transport of **Sanitary & Phytosanitary goods** between EU and UK, as of January 1<sup>st</sup> 2021, **stricter rules & controls** will be in place causing potential clearance delays and additional costs.



## Preparing for Customs post-Brexit Additional Licenses or Certificates



**Have you checked if additional licences or certification** needed for the Customs Clearance of your products?

☐ Yes ☐ No

**Licences or certificates** are required in a number of cases, for example:

- Goods subject to control **due to trade conventions**, such as Washington Convention or Kimberley Process.
- **CITES** documentation is required for any movement of **endangered species**.
- If goods are being temporarily exported/imported, an **ATA Carnet** is required to prevent customs charges.
- **Certificates of Origin** can be required in destination country.



## Preparing for Customs post-Brexit Controlled Exports



**Have you checked if there are special requirements for controlled exports** that apply for your products?

☐ Yes ☐ No

- For goods considered to be **military or potentially have a dual use**, special controls & license requirements may apply.
- Please find more information at [Gov.uk](http://gov.uk) and <http://trade.ec.europa.eu/>
- To comply with Customs and Trade regulations, we may ask exporters to provide a declaration to confirm that their goods are not controlled.
- In cases where goods are subject to controls, we ask for an email pre-alert in advance.





# Preparing for Customs post-Brexit

## Duties & Taxes Billing Services



### Do you use our DHL Duties & Taxes Paid (DTP) billing service?

☐ Yes ☐ No

By using our DTP billing service, we can bill all duties & taxes back to your account instead of your customer (receiver) being charged on receipt of their parcel.

### Do you offer a compliant returns process to your customers?

☐ Yes ☐ No

- Your returns policy for your customers could be impacted by Brexit.
- Shipping an order to your customer **pre**-Brexit would fall under current European Union (EU) trade agreements.
- However if your customer then returns an item **post**-Brexit, it may need to have a commercial invoice to facilitate Customs clearance.
- DHL can support you with understanding the Customs requirements for a compliant returns process.



# Preparing for Customs post-Brexit Returns Processing



## Do you offer a compliant returns process to your customers?

☐ Yes ☐ No

- Your returns policy for your customers could be impacted by Brexit.
- Shipping an order to your customer **pre**-Brexit would fall under current European Union (EU) trade agreements.
- However if your customer then returns an item **post**-Brexit, it may need to have a commercial invoice to facilitate Customs clearance.
- DHL can support you with understanding the Customs requirements for a compliant returns process.



# Preparing for Customs post-Brexit

## Paperless Trade (PLT)



### Are you using Paperless Trade (PLT)?

☐ Yes ☐ No

- PLT is a service incorporated within our Electronic Shipping Tools to support **electronic transmission of customs documents**, preventing the need for paper copies to be supplied with the shipment, and helping speed up the customs clearance process.
- We recommend setting up and using PLT within your shipping tool where available.
- It is also worth using PLT as it provides a two-fold benefit: reduces potential delays as our data-entry team have earlier visibility and removes the requirement for physical paperwork.
- **In addition, providing DHL with electronic Commercial Invoice line item data (on top of using PLT) will enable a smooth Customs Clearance.**
- Please note that if original certificates or licences are required, you will need to include the original paperwork with your shipment and not use the PLT option for these documents.





## Additional Information and Government Support

### ► THE EUROPEAN COMMISSION IS PUBLISHING BREXIT RELATED INFORMATION AT:

#### **EU | BREXIT Overview, Publications/News, EU-UK Negotiations**

[https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership\\_en](https://ec.europa.eu/info/european-union-and-united-kingdom-forging-new-partnership_en)

#### **EU | BREXIT Legislative Developments, Links to Member States**

[https://ec.europa.eu/info/brexit/brexit-preparedness\\_en](https://ec.europa.eu/info/brexit/brexit-preparedness_en)

### ► THE UK GOVERNMENT IS PUBLISHING BREXIT RELATED INFORMATION AT:

<https://www.gov.uk/transition>

#### **UK | How to Import/Export to/from UK, EORI Registration, Duty/VAT, Customs Declaration**

<https://www.gov.uk/topic/business-tax/import-export>

#### **UK | Export Control Guidance**

<https://www.gov.uk/guidance/exporting-controlled-goods-after-eu-exit>





## For further support you may contact us

Customer Service	+30 210 98 90 000
Imports/Exports Department	+30 210 35 43 390
Electronic Solutions	+30 210 98 90 926





# THANK YOU

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