



# Adapting to change

March 2022

**The UK officially separated from the EU in January 2021, but many organisations are still adapting to the impacts of this change.**

The 'Brexit-effect' continues to influence the economy and developments in trade and cooperation, with many practical and logistical considerations still needing to be addressed.

In a bid to help bring greater clarity and certainty, the UK government recently created the role of "Minister for Brexit Opportunities" but much more remains to be negotiated for these opportunities to crystalize.

It remains too early to say with certainty what the real impacts of Brexit have been. Not least against the backdrop of a now dissipating global pandemic and at a time of extreme geopolitical risk where sanctions are having immediate impact on the world economy.

But what are the key issues requiring resolution as the ramifications of UK trading rules and regulations continue to play through one year on? And what key issues do businesses need to manage?

**In this bulletin, 2MPy looks in brief at four key areas of focus, providing some essential and practical tips for business.**

**AT A GLANCE**

Reported trends and impacts

£700 B<sub>n</sub>

Value of EU-UK relationship pre-Brexit

48 %

Exporters naming Brexit for trade issues

40 %

UK exports to EU from service sectors pre-Brexit

£2 B<sub>n</sub>

EU trade in financial services sector in 2021

£20 BILLIONS

UK export of goods to EU in 2021

transfer of goods    compliance

**tax**    **sanctions**    **GDPR**

accounting

procurement

licensed sponsorship

Areas to consider for due diligence

## TIPS

- + Allow additional time, care and budgeting when resourcing or planning international assignments and business trips.
- + Always check the host country's requirements and plan ahead.
- + Incorporate Foreign Office guidance into strategy including appropriate risk assessments.
- + Consider how to become a Licensed Sponsor to enable diverse skills and cultures to permeate your business.
- + Support 'virtual engagement', a working practice well-rehearsed during the pandemic and apply this for the long-term to help overcome the challenges of cross-border trade.

## Mobility

Travel, visas and immigration are important areas for multi-national businesses and those seeking to operate outside their home country.

Fluid, free movement no longer exists between the UK and EU and the red tape associated with mobility is likely to evolve but could be stifling and challenging.

Skills shortages in the construction and service sectors are expected to remain prevalent in the short to mid-term.

There will be a high degree of inconsistencies, delays and complexities related to work visas and permits to work within the EU and any 'visa-free' arrangement related to business will be nuanced and vary country by country causing complexity.

## Trade, cooperation & cost

New trade deals are continuing to be negotiated, meaning new opportunities should be created in new markets and geographies across the globe.

Whilst maybe difficult to navigate, doing business post-Brexit is not impossible, whether supplying goods or services. But businesses do need to grapple with new trading rules and legislation and sound knowledge is required of both EU and other countries internationally.

The additional bureaucracy inevitably adds to the costs of doing business.

Social, political, and economic influences can have major impacts on investment choices. Some investors may forge ahead; others may redirect their investments elsewhere.

Conversely, UK businesses may see more competition from new markets where a different tranche of competitors looks to take advantage of new trade deals.

The UK government has promised to create a trading nation that is 'regulation lite'. This remains to be seen, but businesses will need to get to grips with this evolving situation, keeping abreast of legislative changes.

## TIPS

- + Actively monitor ongoing negotiations and new trade deals.
- + Create a robust post-Brexit business strategy and consider appointing a Brexit guru to help guide your business with strategic decision making.

The need for constructive dialogue between nations to establish cooperation, good relations and onward stability remains critical.

Businesses need to be ready for all threats and opportunities presented by these new trading relationships and the uncertainties these can bring.

*Continuing advances in technology mean that cross-border trade can, to a great extent, be managed virtually, creating environmental benefits which support the targets and ambitions outlined in the 2019 EU Green Deal*



## TIPS

- + Businesses, career advisors and individuals need to understand how professional qualifications are recognised in-country.
- + Always check the host state's national policies on what recognition will apply.

## Professional recognition

International work experience is an important element of professional development and for some sectors, carries substantial weight.

Whether key professional qualifications achieved in the UK are recognised in other countries remains a moot topic.

Automatic mutual recognition of certain qualifications is still under negotiation between the UK and EU and many requirements are being negotiated country by country without an EU-wide approach.

Those emerging professionals seeking international experience should take care to plan their careers carefully and follow detailed review of the country specific requirements.

## Choice

Increased bureaucracy may force businesses to streamline their processes, including a possible reduction to their supply chains in order to reduce red tape.

This trend is likely to impact all sectors, particularly construction.

This reduced choice will potentially affect healthy market competition, quality of output and unemployment levels.

## TIPS

- + In identifying collaborators and key suppliers, consider their approach to product and materials selection and sourcing.
- + Apply thorough due diligence, extending to the wider supply chain, and be mindful of government guidance and sanctions.
- + Think about whether your due diligence processes need an overhaul to address post-Brexit checks and balances.

## Sharing knowledge

It's important to feed back experiences and lessons learned across industry and amongst clients, government, networks and colleagues.

Identifying areas for change or improvement can help everyone. For example, you may have experienced challenges when:

- Seeking to run graduate or early career transfer schemes
- Collaborating with counterparts on projects, JVs or professional development schemes
- Developing relationships or networks outside your organisation and outside your home country.

***Having an engagement plan in place will enable sharing of lessons learned and continuous improvement within your organisation and across your business sector.***

Sources: ONS report, Q2, 2021 | CBI | gov.co.uk