

# Business Banking

## Brexit – Supporting you through the transition period



The UK left the EU on 31 January 2020 at 23.00 GMT and has now entered a transition period with the EU, which is due to end on 31 December 2020.

### 1 Trading with the EU

#### Imports and exports

The UK leaving the EU could have a number of impacts e.g. longer transit times for goods being exported and imported, which not only means the possibility of receiving goods late but also being paid later too which stretches cash flow.

It could also lengthen supply chains and demand more cash tied up in stock or unfinished goods – ensure you have enough liquidity and inventory.



#### Key considerations

If your business is VAT registered and you already trade exclusively with the EU you should be issued with an EORI number by HMRC automatically.

If you need any further information, please visit the [guidance](#)<sup>1</sup> given by HMRC, highlighting the actions you may need to take before the end of the transition period.

Visit the [Department for International Trade](#)<sup>2</sup> website for guidance on trading with non-EU countries.

Our **Invoice Financing solutions** allow borrowing money against the outstanding amounts due from your customers; a useful way to manage cash flow with the potential imposition changes in tariffs, charges and taxes.

Consider increasing your business' inventory of non-perishable imported goods. We may be able to help with increased working capital/funding facilities.

#### Key questions for customers

- Do you import/export from/to the EU?
- Are you prepared for potential changes in tax/duties on imported/exported goods from/to the EU?
- Are you prepared for potential delays in imported goods/raw materials?
- Are you prepared for potential extended supply chains?
- Are you prepared for potential delays in receipt of payment for exports?

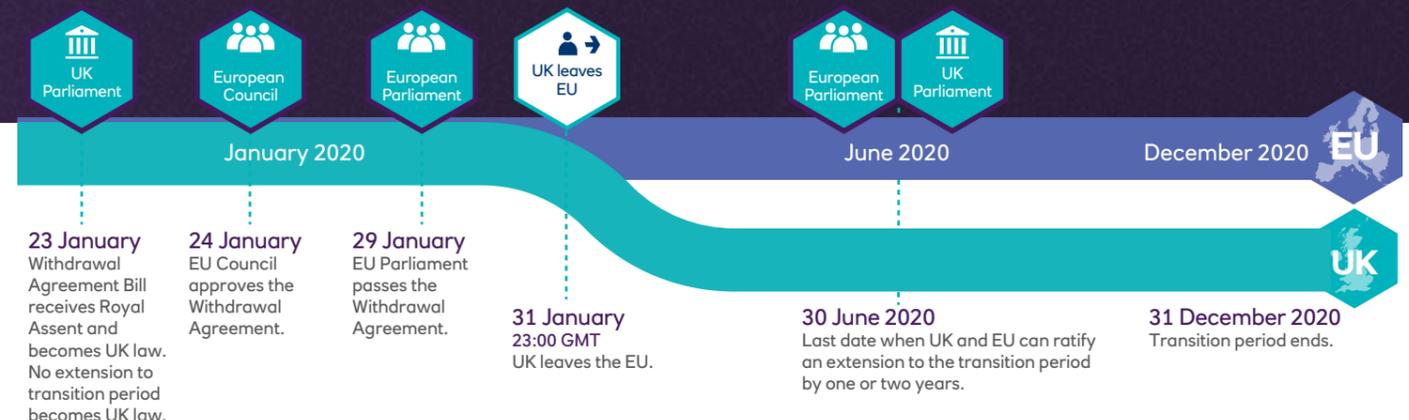
#### NatWest offers a range of Trade Finance products:

**Letters of Credit** – help mitigate the risk of late or non-payment for exporters. Can also be used as a source of finance for exporters who may 'discount' Letters of Credit in certain circumstances.

**Bonds & Guarantees (including Duty Deferment/ Customs Bonds)** – many different types exist but they are used to mitigate the risk of buyer non-payment or mitigate the risk to importers that the exporter doesn't deliver the goods 'as ordered' to the required timescales. We may be able to help customers prepare for the imposition of tariffs on imports from the EU by offering Duty Deferment Bonds, enabling companies to continue importing goods whilst helping their cash flow position through deferment of duty.

**Documentary Collections** – help exporters and importers to ensure the goods they export and the associated payment are exchanged in unison – and not one without the other.

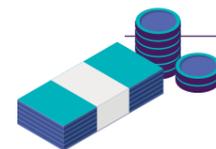
Natwest also has a range of finance solutions, such as Overdrafts, Rapid Cash, Invoice Finance and Asset Finance.



### 2 Trading with the EU

#### Foreign exchange

The UK leaving the EU brings additional volatility to the GBP, with expectations of GBP weakness in the case of a no-trade agreement being in place at the end of the transition period.



#### Key considerations

A weaker GBP means more expensive imports so why not prepare additional funding lines to support potential price rises?

Weaker GBP also means cheaper exports, offering potential trade-related opportunities (see section 4).

#### Key questions for customers

- Are you prepared for potential foreign exchange volatility?
- Have you experienced a change in foreign exchange on your business?



Need help keeping track of what's happening next during the transition? See the latest guidance from the UK Government on the transition period: <https://www.gov.uk/transition>

### 3 Your people

#### EU nationals

If you employ staff who are EU citizens, you may wish to visit the [UK Government's employer toolkit](#)<sup>3</sup> intended to help support you.

The UK Government has published two important papers to support businesses on [Social Security Payments](#)<sup>4</sup> and [Workplace Rights](#).<sup>5</sup>



#### Key questions for customers

- What are the implications for your EU staff?
- Are you keeping all your staff updated and informed on your plans?

#### Key considerations

The uncertainty around the UK leaving the EU could trigger wider concerns about the UK economy and job security, affecting all employees.

Our [NatWest Mentor](#)<sup>6</sup> service is your expert in employment law & HR, health & safety and environmental management. We may be able to provide you with the consultancy and advice needed to help your business thrive amid trade negotiations and beyond.

### 4 Brexit opportunities

#### Thinking outside the box

The UK leaving the EU is likely to provide opportunities to trade with markets that you may not have considered before.

The weaker GBP has boosted the competitiveness of UK manufacturers since the EU Referendum in 2016.

Now could be the time for you to research expansion into new markets beyond Europe, launch new investments or consider diversification.



#### Key questions for customers

- Do you need foreign exchange limits and/or funding for non-UK and non-European growth?
- Are you exposed to new currencies?
- What additional funding / working capital do you require?

#### Key considerations

Our [Growth Funding initiative](#) is just one way we may be able to help you to potentially invest in your business and explore alternative exporting markets and diversify your businesses for the post-Brexit era.

Our [Asset Finance Solutions](#) could help future proof your business by providing tailored funding solutions so your business can invest or release working capital for greater automation or efficiency.

With [NatWest Rapid Cash](#) we could support working capital requirements by potentially offering a credit limit from £25k to £500k<sup>7</sup>, based on your unpaid invoices.

#### Notes

- 1 <https://www.gov.uk/government/publications/letters-to-businesses-about-trade-arrangements-after-the-uk-has-left-the-eu>
- 2 <https://www.gov.uk/government/organisations/department-for-international-trade>
- 3 <https://www.gov.uk/government/publications/eu-settlement-scheme-employer-toolkit>
- 4 <https://www.gov.uk/guidance/social-security-contributions-for-uk-and-eu-workers-if-the-uk-leaves-the-eu-with-no-deal>
- 5 <https://www.gov.uk/government/publications/workplace-rights-if-theres-no-brexit-deal>
- 6 There is a charge for Mentor's services once any free trial has ended.
- 7 To be eligible for Rapid Cash businesses need to have been trading for a minimum of six months and have an annual turnover of at least £100k. Businesses need to be Limited Companies or Limited Liability Partnerships in the UK. You can get a flexible line of credit from £25k to £500k. We don't charge any setup or monthly fees for limits up to £300k, for Limits above £300k an arrangement fee will apply.

#### Growth Funding

If your business has export or import trade with the European Union, a reliance on the EU labour markets or is exposed to foreign exchange movements you may need further support through the transition period and beyond. We have funding available to help you achieve your ambitions and can help you access the right financing products so they can meet your short and longer term trade and working capital needs.

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For more information about the potential impacts of the UK leaving the EU upon your business sector please contact your Relationship Manager

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