

POLITICAL STATEMENT - 27/06/2018

Brexit - Art. 50 Council: What really matters now for industry

As we near the June EU Council, pressure mounts on both sides of the Brexit dichotomy to deliver a workable solution for industry, and to give clarity to the post-Brexit EU-UK trading relationship. At this stage of the negotiations, the only certainty is that the UK will be a third country from March 2019, and that the possibility of a cliff edge scenario remains. We know from our members that a no-deal Brexit scenario is not an option, it is for this reason that time is of the essence to conclude the negotiations.

Any agreement which takes the UK completely out of, or sees it unaligned with, either the single market or customs union will create barriers to trade, and by extension lead to increased costs for companies. Within our industries, this could manifest itself in significant disruption to the highly complex and intertwined value chains which have been built upon membership of the single market and customs union. Furthermore, the cost of these barriers to trade could increase exponentially, not least through the time lost when goods cross borders.

Evidence from within the manufacturing and tech sector suggests that uncertainties stemming from Brexit are weighing heavily on companies' investment decisions, this holds true on both sides of the channel with some investments being put on hold and other companies looking to diversify supply chains. We find that some companies are paralyzed by not knowing what decisions they need to take. Although we do not wish to see this outcome, there is some evidence that our members are preparing for a hard Brexit, seeking knowledge of border procedures and preparing for increased administrative burden.

In addition to free and frictionless trade, maintaining a single regulatory environment with the UK is seen as of the utmost importance to Ceemet members. This is why we continue to call for a level playing field across Europe, with a mechanism to enable regulatory cooperation and ensuring the highest regulatory alignment.

The current political situation is a testing one, and the political ties across the channel are strained, however we must find an economically viable

Chetan Corten
HEAD OF COMMUNICATIONS
T +32 (0)2 706 84 72
M +32(0)472 25 02 28
E chetan.corten@ceemet.org

Bd A. Reyers Ln 80
1030 Brussels – Belgium

 www.ceemet.org

 [@ceemet](https://twitter.com/ceemet)

EU Transparency Register
[61370904700-45](https://ec.europa.eu/transparency/regexp1/index.html)

ABOUT CEEMET

Ceemet represents the metal, engineering and technology-based industry employers in Europe, covering sectors such as metal goods, mechanical engineering, electronics, ICT, vehicle and transport manufacturing.

Member organisations represent 200,000 companies in Europe, providing over 17 million direct and 35 million indirect jobs.

Ceemet is a recognised European social partner at the industrial sector level, promoting global competitiveness for European industry through consultation and social dialogue.

method to ensure any future Brexit deal does not adversely affect the engine of EU growth and job creation, manufacturing. Larger companies may be in a better position to plan, strategize and find ways to deal with eventualities. However, we remain concerned about the pressure on the SMEs which Ceemet represents, who often do not have the same resources, and may be harder hit in a no-deal Brexit scenario.

Extension of the transition period

While we are critical of the UK not delivering on the details of its desired future relationship with the EU ahead of the June EU Council, our concern remains the weakening of the negotiations. The main priority for the next 12 months for Ceemet members' companies is to ensure an adequate transition period to negotiate the withdrawal agreement and future relationship, we would therefore call for an ***extension of the transition period, past the already agreed December 2020 deadline, to give certainty to business*** and ensure that both the withdrawal agreement and the future relationship can be negotiated in a timely manner.

Ceemet set out European industries' desired outcomes in its Statement for the March Brexit Council: ***6 areas that matter***, and it is up to both sides in this negotiation to find an economically viable and politically palatable model to address the issues raised in that paper. Our members are calling for a deep and meaningful consultation with EU industry, which truly understands the complex nature of our sector, recognises the desired outcomes of manufacturers across Europe, and fully addresses our concerns.

OTHER PUBLICATIONS

- [Brexit: 6 areas that matter – 22/03/2018](#)
- [Brexit: a 'lose-lose' situation for manufacturing – 16/02/2016](#)