



# Impact of Brexit over the Port of Constanta

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EY Romania

# Romania vs. UK

## General trade statistics

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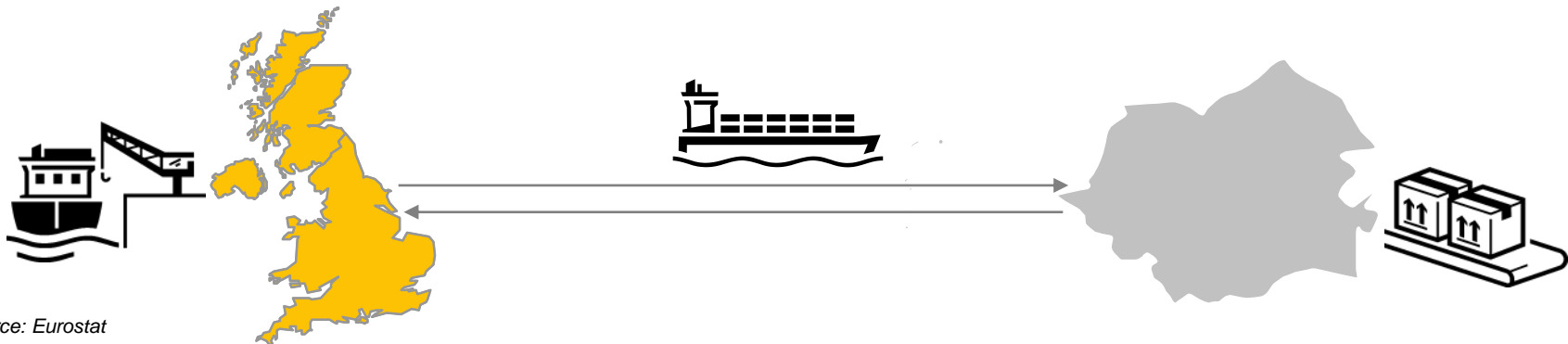
- ✓ UK is for Romania the 6<sup>th</sup> partner among the EU Member States in terms of total commodity trade.
- ✓ UK is the 5<sup>th</sup> country among the destination markets for Romanian exports
- ✓ Bilateral trade flows are dominated by highly processed products:
  - machines and electrical equipment
  - vehicles and transport equipment
  - textiles and garments
  - agri-food products
  - furniture
  - plastics and rubber
  - products of the chemical industry
- ✓ The UK = major economic and trading partner of Romania. Bilateral trade reached €4.5 billion in 2018.

*\*Source: Embassy of Romania in UK*

# Romania vs. UK

Maritime transport statistics in 2018 - Eurostat

Maritime transport RO vs. UK	Gross weight (tons)	Port of dispatch	Type of cargo
Goods transported from Romanian Ports to UK and Northern Ireland	353,000	Port of Constanta	Dry bulk agri-food products, forestry products, vehicles
Goods transported from UK and Northern Ireland Ports to Romania	429,000	Hull, Belfast, Bristol, Liverpool, Warrenpoint, London, Tees & Hartlepool	Dry bulk agricultural products, liquified gas, forestry products



\*Source: Eurostat

# Brexit

## Impact on Port of Constanta

UK will no longer be part of the EU single market and Customs Union = application of border tariff and non-tariff trade barriers

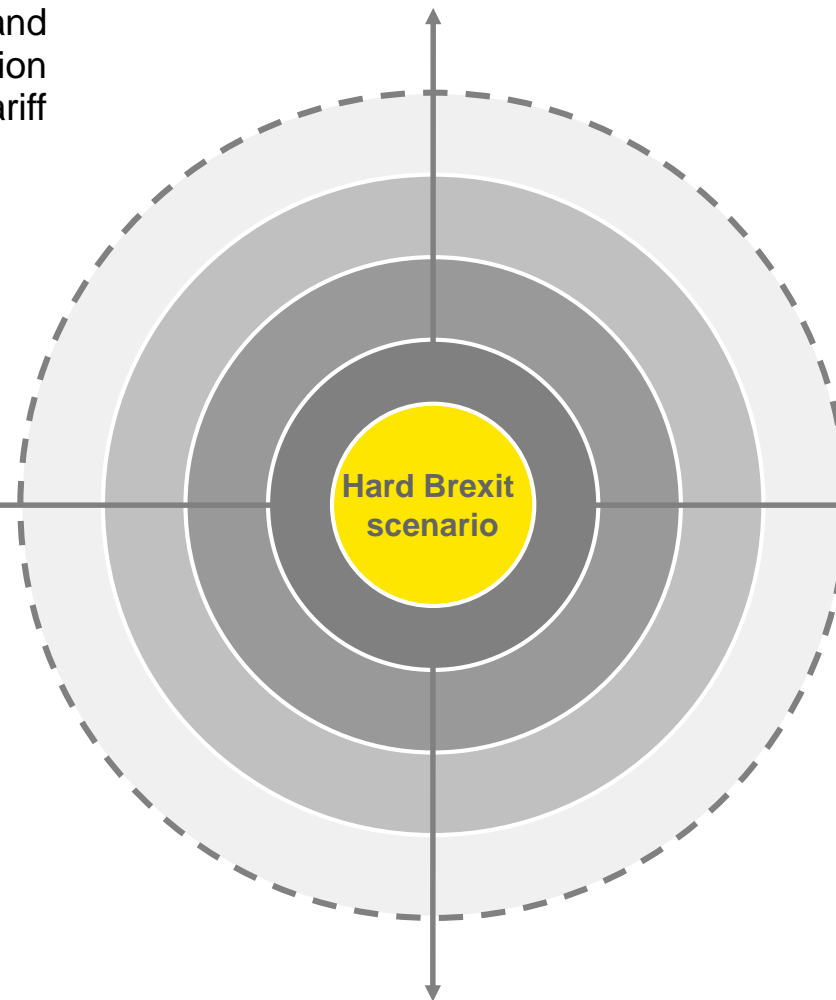
Customs/port related formalities needed for imports and exports between RO and UK trade (submission of ENS, EXS declarations)

Congestions around the terminals in the port → Additional formalities may lead to delays in companies supply chain

Crowded port customs check points since additional formalities needed. *Just-In-Time* deliveries cease to exist

RO companies involved in trade with UK will need to register with customs authority – hold EORI number

Taking care of import or export customs/port formalities. Own declaration or choosing a forwarder = Increasing of supply costs



# Brexit

## Impact on Port of Constanta – In depth

### IT Systems

- Adapt SAP/ERP systems to new changes

### Customs formalities

- Supplies to RO/from RO from/to UK will be treated as imports/exports
- Submission of a customs declaration for the first time

### Customs tax elements and regimes

- Customs valuation; tariff classification; origin/customs status
- Use of customs regimes
- Contracts/Incoterms

### Non-tariff barriers

- Licenses/authorizations for imports vs. exports to obtain customs clearance

### Excise and import VAT

- Import VAT upon imports (RO and UK);
- Intra-EU deliveries/acquisitions no longer apply;
- Movement of excise products treated as imports vs. exports.

# Brexit

## EU steps from trade perspective

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### EU steps

#### Amendments of EU customs legislation

▶ The provisions on the inclusion of airfreight costs in the customs value for goods coming from the UK and the removal of UK from the list of Member States from the guarantee guarantor forms were amended.

Delegated Regulation to include the seas surrounding the UK in the provisions on time-limits within which entry summary declarations and pre-departure declarations have to be lodged prior to leaving or entering the Union's customs territory.

#### Drafting Brexit Guidance and contingency plans

▶ Both the European Commission and the customs authorities of the Member States (including Romania) have issued guidelines (including excise and VAT) to help economic operators prepare for Brexit in time.

#### Export control legislation

▶ The introduction of the UK into the Union's general export authorization no. EU001 starting with Brexit's date

# Brexit

## UK steps from trade perspective

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### UK steps

**Member of the  
Common transit  
convention**

▶ UK remains in the Common Transit Convention. It allows the movement of non-EU goods from one EU point or one member country to another member country (EFTA country, Macedonia, Serbia).

**New customs  
legislation**

▶ The British Government issued the Taxation - Cross Border Trade Act = the primary legal base that implements customs legislation in the UK. It establishes the fundamentals of UK legislation from the customs perspective applicable after Brexit (customs regimes, customs tariff, origin, customs value).

**Simplifying of  
customs  
legislation**

▶ The UK authorities have prepared a series of simplified customs procedures for economic operators. For example: the use of simplified customs declarations on importation (fewer declared dates), the exemption from lodging summary declarations for goods coming from the EU, etc.

**Negotiation of new  
Free Trade  
Agreements**

▶ The British Government has begun its own trade negotiations with various countries: Chile, South Africa, Switzerland, Palestine, Norway, Switzerland, Iceland.

# Brexit

## Optimization of your customs formalities

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### Recommendations in case of imports:

- ✓ **Use of special customs regimes** → allowing customs duties savings
  - Customs warehousing – for long term storage of goods;
  - Inward Processing – for goods processing;
  - Temporary Admission – for temporary use of goods;
  - End-Use regime – customs duties savings for goods incorporated in drilling rigs;
  - Temporary storage – for short term storage of goods
  - Free zones – storage of goods
- ✓ **Using of customs simplifications** → accelerating the customs clearance process in case of imports as well as for exports;
- ✓ **Obtaining AEO certification** → become trusted partner of customs authorities – customs simplifications can be obtained more easy



# Brexit

## Impact on Port of Constanta – Example

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### Example: Import of tubes and pipes for drilling

- **CN code 7305 19 00 – Tubes and pipes for drilling**

#### Tariff measures:

- Non-preferential tariff quota no. 098649;
- Safeguard tax - 25% in case of quota exhaustion;
- Non-preferential origin certificate (product originating from UK) for applying tariff quota;
- Import VAT – 19%;

Contingent tarifar nepreferential: 0 %

Numar de ordine 098649 Data de sfarsit 2019/03/31

Tara de origine/destinatie:

DEF\_SAVG

Excl. (AE, BR, EG, ID, IN,  
MD, MK, MX, MY, TH, UA,  
VN)

[Reglementare R1901590](#)

Taxe adiționale (de salvagardare): 25 %

# Brexit

## No-risk actions

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1

### Day 1 readiness

Asses which customs registrations, authorizations you need for day readiness with no delays in customs clearance

4

### Develop Brexit contingency plan

Companies need a contingency plan to mitigate against any risk of delay when goods enter or leave the country

2

### Mapping of supply chain

Map and validate supply chain models in order to understand direct and indirect exposure of Brexit

5

### Obtain AEO status

AEO could provide for faster customs clearance by providing priority access to companies who have been pre-assessed.

3

### Customs expertise

Build robust customs function to support your trade with UK

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### Train your key personnel

Train your key personnel in customs matters.



EU extends trade defence rules to continental shelf and exclusive economic zones of Member States

# Trade defence measures

Extended to continental shelf and EEZ of EU Member States

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- ✓ **New customs rules** → levying anti-dumping and/or countervailing duty on goods brought to:
  - an artificial island, on a fixed or floating installation or on any other structure on the continental shelf or in the exclusive economic zone of a Member State
  - goods coming from non-EU or EU to such places → need to be followed by a declaration of receipt submitted by consignee to competent customs office
  - full application of the procedure starting with November 2019;



# Trade defence measures

Extended to continental shelf and EEZ of EU Member States

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## ✓ Which goods are subject to the procedure ?

Goods subject to:

- a notice of initiation of an anti-dumping or anti-subsidy investigation;
- a Commission Implementing Regulation whereby imports are subject to registration;
- a Commission Implementing Regulation imposing a provisional or definitive anti-dumping or countervailing duties

## ✓ Legislative basis

- EU Regulation no. 1131/2019
- Most probably → local rules to be issued in each Member State = including supervision measures and contraventions for non-compliance

# Contact

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