

## Trading with Europe set to be more challenging than many firms admit

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**Trading with Europe after Brexit, deal or no deal, will be more challenging than many businesses are currently willing to admit, according to Chris Scargill, partner and business advisor at MHA Larking Gowen.** He said: "Due to COVID-19 the majority of British companies involved in exporting to Europe have not been able to give Brexit the attention they should, and unfortunately, some are in denial about the scale of the challenge. While there are a number of solutions available to facilitate EU trade, it is not as simple as getting an EU EORI number\* to solve all supply chain challenges." A poll of 50 import and export businesses during a recent MHA Larking Gowen Brexit webinar noted only 8 per cent of businesses felt fully prepared for exiting the EU, although pleasingly, 37 per cent felt they were more than 50 per cent prepared right now."

He added: "The problems Brexit will throw up are surmountable, but they also require a long-term strategy to adjust to new trading arrangements and regulatory issues. The lack of preparedness is very understandable given the pandemic, but businesses now need to act promptly and get in the right mindset to see Brexit through over the next five to ten years."

"It is crucial to realise that although a deal will bring great relief to businesses and their bottom line by removing the cost of duty tariffs, the legal and regulatory as well as administrative costs will remain. For example, customs declarations cost money, irrespective of any actual duty being charged. As an estimate, if a company has 2,000 declarations to make, it could cost potentially £50,000 to employ an agent to handle this volume of paperwork. Being unprepared and getting caught out will cost even more; if goods turn up at the border without the right paperwork they will just be stuck in the port.

"Due to COVID-19 and the misconception that a deal means trading will continue as normal, we have sleepwalked into a situation where, less than two months away from the biggest change to the UK's trading relationships in our lifetime, many businesses are unprepared. It is not too late for companies to get their house in order, but for many, this will have to entail looking beyond specific fixes, like hiring a customs agent or thinking about a subsidiary in Europe, important though these steps are."

\*An EORI number, or Economic Operators Registration and Identification number, is needed to move goods between the UK and non-EU countries