

Deputy David Johnson  
Chairman, Brexit Review Panel  
States Greffe: Scrutiny  
Morier House  
St Helier  
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29<sup>th</sup> January 2021

Dear Deputy Johnson,

**Ref: 'Inclusion of Jersey in the UK-EU Trade and Economic Cooperation Agreement'**

Thank you for your letter entitled 'Inclusion of Jersey in the UK-EU Trade and Economic Cooperation Agreement' sent on behalf of the Brexit Review Scrutiny Panel and received on the 21<sup>st</sup> January 2021.

The Trade and Economic Cooperation Agreement (TECA), is very much in its infancy. The newness of the agreement means the full impact of the changes it brings have not fully been established. Even the largest and most well-prepared UK companies are reporting new issues in their worldwide supply and consumer facing operations every few days. It will, therefore, take more time to see how the TECA affects Jersey's supply chains across the complex array of goods delivered in and out of the island.

The paragraphs below are a compilation of the feedback we have received from businesses across sectors, including construction, agriculture, hospitality and retail, in the last 28 days. This feedback is focused only on the impact being seen on the trade in goods. We have also included with some of the issues being anticipated by the British Retail Consortium (BRC), the largest retail representative body in the UK, of which Jersey Business is a member.

**1. What do you think of the TECA and its impact on Goods and Trade? 3. What impact would there be if Jersey terminated its involvement in the TECA within the 90-day 'cooling off' period?**

Jersey Business cannot comment on this or on question 3. The TECA is a complex agreement that even Brexit experts and lawyers cannot easily summarize. Business leaders however have all agreed that having a trade agreement in place is preferable to not having one.

**2. Do you have any concerns about the enhanced checks for EU goods that will be required under the TECA?**

We have received many reports detailing the complexity now involved in the movement of goods. This complexity is having an immediate knock-on effect that ranges from short delays to large suppliers suddenly ceasing to trade with Jersey. We can see that these issues are resulting in increased costs to businesses and can anticipate that these might have to be passed onto the consumers.

A concise summary of the immediate challenges is:

- Additional and more complex paperwork for businesses at both ends of the supply chain
- An increase in costs from agents, shipping, and onward delivery
- Delays on product availability which is reducing consumer demand
- Difficulties exporting directly to consumer in Europe because of the new paperwork and VAT procedures
- Suppliers from Europe and UK distribution centers requesting EORI numbers from importers in Jersey, even though these are not applicable to Jersey importers

The increased complexity of the export process is leading some smaller retail business in Jersey to stop deliveries into Europe because they are daunted by the large amount of administration and the VAT rules they need to navigate.

The BRC has indicated that some categories of goods, mainly of animal origin, will need enhanced checks in and out bound from Europe which will include opening a percentage of containers. Some local companies are reporting that their European suppliers are no longer supplying to Jersey as the suppliers in question did not foresee the significant cost increases from these extra checks and/or extra administration.

Rules of Origin are also complicating the forward shipping of European goods for many large companies in the UK and Jersey.

Some Jersey companies have seen that their orders have been negatively affected by the Covid-19 pandemic and have stopped exporting. Consequently, it will only be clear how many local business are affected by “onward shipping” tariffs resulting from rules of origin changes when these businesses start reordering stock at previous levels and restart exporting to Europe.

**4. Following approval of Jersey’s inclusion in TECA, the UK will retain ultimate responsibility for the development, monitoring and enforcement of trade policy and practices, through so called ‘Trade Committees’. Do you have any views on this?**

As with all change, successful implementation comes from early awareness, clarity, and a central contact for disseminating information and support. Ensuring Jersey is linked to the work of these trade committees will be essential to enable feedback to the business community of emerging issues and opportunities and the early communication of any changes in the TECA.

This is a complex subject and one which will continue to evolve. We need to ensure that information and resources are regularly update, communicated and made available as widely as possible including on the Jersey Business and Gov.je websites.

Yours sincerely

Graeme Smith  
Chief Executive Officer