

Legal Update

Brexit finally happened...what happens now for NZ?

February 2020

CURRENT LEGAL STATUS

After a protracted political process, the UK formally left the EU on 31 January 2020. Under the October 2019 withdrawal agreement with the EU, a transition period is now in place until 31 December 2020. The UK government has ruled out extending that period.

Given this is a relatively short period, it is unclear whether the UK will be able to agree its future relationship with the EU in time for new arrangements to come into force on 1 January 2021. It may be that:

- there is no UK/EU deal by then;
- there is a partial deal (for example covering only goods); or
- some other temporary arrangements are put in place while the UK and EU conclude their negotiations.

During the transition period, EU law will continue to apply in the UK. The UK will also remain in the EU's custom union and single market and will continue to be subject to EU rules and regulations.

EFFECT ON NZ BUSINESSES

During the transition period, the current trade rules, tariffs and tariff rate quotas will remain in place for NZ businesses. The current NZ/UK trading relationship will continue as it currently stands, while the countries will negotiate their future trading relationship with the intention of finalising a free trade agreement by the end of the transition period. During a trip to Wellington in September 2019, the UK Trade Secretary said that this free trade agreement is a "very important priority" for the UK.

WHAT SHOULD I DO?

If you think your business will be affected by Brexit, we recommend you promptly obtain information and assistance. The following websites have useful information:

- **DIT:** The UK's Department for International Trade (**DIT**) has further information on its [website](#) on the transition period, and how to prepare your business for the new rules in 2021.
- **Trade with the UK:** DIT has also launched the 'Trade with the UK', a free tool for businesses exporting to the UK. This provides up-to-date information on commodity codes, tariffs and charges, rules of origin, trade agreements and regulations. Click here to view the [Trade with the UK](#) resources;
- **NZTE:** New Zealand Trade and Enterprise also has information regarding Brexit on its [website](#), including links to further information.

BRITISH PRACTICE GROUP

David Alizade heads Jackson Russell's British Practice Group. He advises NZ companies on trading and investing in the UK, and UK companies on trading and investing in NZ. Please contact David if you would like to discuss Brexit further.

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Disclaimer: The information contained in this document is a general overview and is not legal advice. It is important that you seek legal advice that is specific to your circumstances.

