



## Policy

Policy, Automation, Climate and Ethics (PACE) are at the heart of significant global changes that in turn affect corporate behaviours and governance.

2020 has brought unprecedented forced disruption from a global pandemic, seen the exit of the UK from the European Union, global political movements and a spotlight on climate change. This has brought wider societal and global pressures into sharper focus for many businesses. The PACE of Change takes a research-led look at each of these issues in detail and explores key implications for businesses.

### UK Politics and Policy

Emerging into the 'new normal' and a rapidly approaching Brexit agreement deadline on 31 December 2020 it is important for businesses to keep informed of policy changes to ensure they remain competitive and compliant. Many are taking stock of the government funding support they have received or contending with the latest changes to the Coronavirus Job Retention Scheme or similar European initiatives. Some are finding that expectations of corporate behaviour for those who took advantage of government support are now constraining what they can do. It is important therefore that there is as much transparency as possible in boardroom decision-making to ensure decisions stand-up to future scrutiny.

The pandemic has muted somewhat the fact that we are over half way through the 12-month Brexit transition period. Both the UK and European Economic Area (EEA) countries will face new import and export rules and as a basic starting point, all UK businesses must have an EORI number to identify them and record their exports and imports. Other options are available too including Authorised Economic Operator (AEO) status, which puts a business in the best possible position for facilitation by HMRC and can assist in quick clearance of goods at the border. Businesses are likely to need to work out how they will comply with rules of origin procedures and with separate UK certification and labelling requirements, as well as possibly contending with tariffs.

Additionally businesses need to be prepared for changes in immigration and employment rules, regulatory and technical compliance even if at least to start with there is limited practical divergence from current EU regulations.

### Trade Deals and Global Markets

Geography has suddenly started to matter more as businesses look for diversity in supply, both in terms of suppliers and geographies to spread risk, reduce particular dependencies, and give greater flexibility for supply for future supply. There is much talk of re-shoring, and some of it may happen.

But shorter supply chains, both geographical and in tiered complexity, that still capture benefits of scale, will be the likely desired outcome for most.

The crisis has also underlined the central position China now occupies in the global economy. The push for greater diversity and reduced dependency in the supply chain will coincide with an increasingly forthright US position towards China.

With trade deals still in negotiation between the US–UK, EU–UK, Japan–UK to name a few, and with policy towards China evolving, there is much for businesses to keep abreast of. The UK and a number of other European countries also look set to tighten controls over inward investment. Alongside controls and sanctions, there will be challenges partly in ensuring consistency of quality, regulatory adherence and alignment, and partly in understanding geopolitical and other risks inherent in dealing with particular geographies.

The government consultation on Free Ports has recently ended with an announcement expected in 2021. Providing opportunities to both facilitate international trade and promote economic development through tax and customs reliefs. The chosen locations – which can include adjoining enterprise zones – could boost trade, jobs and investment that will benefit the local areas, providing an outward looking post-Brexit UK trade policy.



## Building Back Better

With the announcement of Project Speed and investment for key infrastructure, the government is trying to secure a V-shaped recovery. Key investment in infrastructure, skills, homes and innovation should accelerate a green recovery.

It is hoped that recovery plans submitted to government by key city regions will be the driving force behind regional recovery but further entrepreneurial financing models may be required. We expect to see innovation from institutional investors and private equity houses over the next 12 months, while sectors who have seen a drop in demand have the opportunity to pivot to support new infrastructure needs or green recovery.

While the future feels slightly in a state of flux and we all wait to see what the Autumn brings, there are definitely opportunities on the horizon.

We encourage you to sign up for our blogs:

- [The Trade Practitioner](#), where you will find additional updates and information on export controls, sanctions and other international trade topics.
- [Brexit Legal](#), where we provide updates on how Brexit is unfolding providing commentary on the possible outcomes, and the respective opportunities and challenges they pose.

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In February 2020 before the pandemic we asked businesses how prepared they felt to tackle the PACE of Change.

