



Preparations for Brexit

In November 2018, the European Commission and the United Kingdom agreed on a Withdrawal Agreement and a political declaration on the future relationship. While the German government is assuming that Britain's withdrawal from the EU will be orderly, it is also preparing for a possible "no deal" scenario. Our dedicated Brexit page includes important information on preparations for Brexit in the areas of financial markets, customs, budgetary issues and taxation.



Source: Fotolia

After 18 months of intensive negotiations between the U K and the European Commission, which negotiated on behalf of the other 27 Member States, an agreement was reached on 25 November 2018 between the Heads of State and Government of the EU27 and the UK Government at a special meeting of the European Council. This agreement comprises two elements:

Firstly, the 585 page [Withdrawal Agreement \[PDF, 3MB\]](#), which lays down the arrangements for the UK's withdrawal from the E U and includes key aspects of particular importance to us. Under this agreement, there will be comprehensive protection of the rights of our EU citizens who live in the UK and the rights of UK citizens who live in the EU; they can continue to live, work, study and enjoy social security protection. The UK's financial obligations are also laid down in the agreement. Furthermore, the Withdrawal Agreement safeguards the open border between Northern Ireland and Ireland and thus the peace in Northern Ireland that was painstakingly achieved 20 years ago. In accordance with the European Council's guidelines, the Court of Justice of the European Union will play an important role in monitoring and implementing the agreement. By agreeing a transition period until the end of 2020 (extendable once for up to two years), we are creating time for talks on the future relationship. This will provide the business sector and citizens with important planning certainty.

Secondly, the [Political Declaration on the future relationship \[PDF, 126KB\]](#) between the EU and the UK, which sets out the framework for the negotiations on future relations. The transition period laid down in the Withdrawal Agreement is to be used to formally negotiate the future relationship on the basis of the Political Declaration after the UK has left the EU. The Declaration essentially envisages an economic partnership and a security partnership.

What happens next?

The Withdrawal Agreement's entry into force and thus an orderly withdrawal are a clear priority for Germany and the EU.

To this end – following the agreement expressed by the UK Government and the endorsement by the Heads of State and Government of the EU27 – the European Parliament and the UK parliament must approve the negotiated deal. Upon withdrawal, a transition period until 31 December 2020 (extendable once for up to two years), would enter into force, thus cushioning the impact of Brexit. Although the UK would no longer be a member of the EU or be represented in EU institutions during this time, it would remain bound to EU rules.

On the **European side**, the Withdrawal Agreement has been forwarded to the European Parliament for its consent in accordance with Article 50 of the Treaty on European Union. On the **British side**, the approval involves a two stage process. The House of Commons (lower chamber) must first approve the agreement in what is known as a “meaningful vote” before both chambers (House of Commons and House of Lords) undertake formal ratification. A first attempt to secure the “meaningful vote” on 15 January failed. This means that there is currently no consent on the UK side to the agreement reached.

If the Agreement is not ratified (“no deal”), the UK's membership of the EU would end without a withdrawal agreement at midnight (CET) on 29 March 2019 under Article 50 of the Treaty on European Union (provided that an extension of the deadline is not agreed between the UK and the EU27). The UK would then be a third country as regards the EU, and EU rules (the “acquis”) would no longer apply to it.

How are we preparing for the possibility of a “no deal” scenario?

Since the summer of 2016, the German Government has been preparing for Brexit and making arrangements for all possible scenarios.

In view of the steps still needed for ratification, it cannot be precluded that the UK will leave the EU without an agreement. In the case of an unregulated or disorderly Brexit, contingency planning is very important in order to cushion the negative impact as much as possible. The German Government is thus currently paying particular attention to this scenario.

It is a priority for the German Government that the negative impact be cushioned as much as possible for those affected by Brexit. That is why it is particularly important that all affected citizens and companies in Germany keep themselves informed about the consequences of Brexit. All of them should prepare thoroughly and in good time for the UK's withdrawal from the EU.

The following websites provide key information about Brexit and about the preparations that are important to make:

You will find further information on Brexit preparedness on the [website of the Federal Foreign Office](#), which is the lead ministry on Brexit and responsible for coordinating the German Government's preparations.

A catalogue of questions and answers is available on the [German Government's website](#).

The [Federal Ministry for Economic Affairs and Energy](#) has comprehensive information for businesses on its website, including a [Brexit FAQ](#). In addition, citizens and businesses can contact the Economics Ministry directly with questions about Brexit, either by telephone (+49 (0) 30 340 6065 61) or email (brexit@buergerservice.bund.de).

The [German-British Chamber of Industry and Commerce](#), which is supported by the Federal Ministry of Economic Affairs and Energy, offers an update on the Brexit situation, with links to key information sources.

The **German Federal Financial Supervisory Authority (BaFin)** answers frequently asked questions on Brexit. The information is particularly relevant for U K banks and insurers that would like to open branches or establish subsidiaries in Germany, as well as providers and issuers of securities.

The **Deutsche Bundesbank** provides information relating to banking supervision, i.e. for financial institutions that may want to reconsider their location strategy. The Bundesbank has also set up a dedicated phone number (+49 (0) 69 9566 7372) and e-mail address (Brexit@bundesbank.de) for financial institutions affected by Brexit.

At the European level, the **European Central Bank** is committed to providing information to banks and interested parties about its supervisory expectations. A dedicated page on relocation to the euro area answers frequently asked questions (FAQs) about the ECB's role in supervising euro area banks.

The **German customs administration** provides Brexit-related information regarding legal repercussions in the context of the enforcement of intellectual property rights and the necessary customs measures.

With regard to chemicals legislation, the **European Chemicals Agency (ECHA)** has published comprehensive information on the impact of Brexit in this area, in particular on the EU's REACH regulation.

A number of professional organisations in Germany have given advice regarding the UK's withdrawal and related issues. The **Federation of German Industries (BDI)** has published extensive information on the consequences of Brexit for business.

The **Association of German Chambers of Commerce and Industry (DIHK)** has developed a "Brexit checklist" tool which allows users to create their personal checklist as a PDF file.

In the area of financial services, many industry associations have prepared comprehensive information relating to their respective sector. For example, the **German Insurance Association** has published a position paper on future economic relations between the EU and the UK.

With regard to human medicines, the German licensing authorities (the **Federal Institute for Drugs and Medical Devices** and the **Paul-Ehrlich-Institut**) both provide information on the impact of Brexit on pharmaceutical companies.

At the European level, the **European Medicines Agency (EMA)** provides guidance to help pharmaceutical companies responsible for both human and veterinary medicines prepare for the United Kingdom's withdrawal from the EU.