



Brexit statement – August 2020

Dear Customers and Suppliers of the Group headed by Barrett Steel Limited ('the Group')

Following our Brexit Statements in 2019, we have now left the EU and are heading towards the end of the transition period at 31 December 2020. Clearly nothing will change until 1 January 2021. We therefore set out our current position on Brexit and the impact for our business and customers following this date.

The importance of the steel industry to the UK economy and the requirement for steel in key national infrastructure projects, continues to provide us with some comfort that the UK government will make the transition as frictionless as possible whilst helping to maintain key supply chains.

However, whilst successfully navigating through the COVID 19 pandemic and keeping all sites operational, we have continued to plan for the various Brexit scenarios in order to remain as agile as possible.

As previously reported, we have mapped out our supply chain, have an EORI number in place, maintained a strong stock range, documented our custom codes/goods classification and had professional advice on potential VAT/customs changes.

Further to this our staff are attending additional customs training and following government announcements, including Moving goods under the Northern Ireland Protocol. As a company we are well versed with the demands of home and international trade, we have every confidence in the skill and expertise of all our staff to be able to cope with any changes in import and export procedures.

The key impact areas for our Group continue to be the importing of steel and capital equipment, the outcome of the Irish border agreements, potential tariffs or quotas, CE marking and fluctuations in foreign exchange rates. Taking each of these in turn:

We have strong relationships with domestic suppliers for the majority of our steel products and so this reduces the impact of Brexit.

The Irish border situation is still not fully resolved however we understand that from 1 January 2021 the NI Protocol means that for trade between Northern Ireland and the Republic of Ireland there will be no border checks, no customs declarations, no tariffs and no changes to VAT. We also understand that the current trading rules between Northern Ireland and the EU will continue as is. We are awaiting further guidance on UK to Northern Ireland trade including the new customs formalities and checks, Goods Vehicle Movement Service and operation of a dual VAT system but the government has announced that this will be as streamlined and simplified as much as possible.

There are currently no tariffs on steel products between the UK and the EU. In the event of a no deal scenario, trading will revert to World Trade Organisation terms and under these there are no tariffs on steel. However, we have traded under the umbrella of The European Commission's steel safeguarding measures for the last 24 months, if any further protectionist measures are installed, we have the necessary experience to deal with these.

We understand that CE marking will continue to be accepted in both the EU and the UK. We are awaiting further guidance on the proposed UK Conformity Assessed (UKCA) marking and are speaking to the UK mills. Common sense would see the marking standards being equivalent / dual certified.

We continue to take a risk averse approach to foreign exchange and use hedging instruments where appropriate.

As a final note we would like to reassure all customers, both domestically and internationally that we will continue to work hard to meet your requirements and should you have any further specific needs or concerns, please do not hesitate to get in touch with your normal point of contact within the Group.

James Barrett
Group Managing Director