A guide for Isle of Man residents and businesses in the event of a

NO DEAL BREXIT

Isle of Man Government

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Responsible Island

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Overview

— Chief Minister

Unless there is a significant change in circumstances the UK will leave the European Union – the EU – at 11:00pm on 29th March, and many things will change.
For people and businesses in the Isle of Man the effects of these changes may be significant, or they may be minimal, but it is our intention that any disruption to people's daily lives should be managed carefully, in order to reduce its impact.
Isle of Man Government has, therefore, been preparing for the UK's withdrawal from the EU for some time.
This has meant making sure that our laws have been changed to reflect the ending of our limited relationship with the EU, and also that Government services can continue to be delivered.
We have also provided information and advice to support people and businesses so that they can also take the steps necessary to prepare for a No Deal Brexit, and this guide helps them do that.
Whilst a significant amount of information for members of the public has already been published across a number of areas, the purpose of this guide is to pull that information together.
It is intended to give a broad, easy to use, overview and also to act as a signpost to other documents and websites, should you require any more detail.
It is not our intention to pre-judge the outcome of the UK's ongoing negotiations with the EU, nor is it our intention to take a particular position – the manner in which the UK leaves the EU is for the UK Government and Parliament to determine.
We will, however, see some impact in the Isle of Man, and it is hoped that this guide will provide some measure of reassurance, or indeed provide a link to where you might find additional detailed information, should you need it.

Hon. Howard Quayle, MHK
Chief Minister

Isle of Man – No Deal Brexit

– Executive Summary

The direct and immediate impact of a No-Deal Brexit will be less significant for the Isle of Man, than it will be in the UK.

This is for two main reasons:

Firstly, the Isle of Man is not a Member of the European Union and it is not included within the UK's membership of the EU, so it is not, in effect, leaving the EU.

The Isle of Man does, however, have a limited relationship with the EU, through the UK and is, in effect, part of the EU's Customs Territory. When the UK leaves the EU, therefore, the Isle of Man will leave the EU Customs Territory.

So whilst the Isle of Man is covered by most EU rules relating to the free movement of goods, it is not covered by EU rules concerning free movement of people, services or investment.

Out of the whole body of EU law, only a relatively small proportion of that law currently applies to the Island.

Secondly, the majority of our trade, transport links, and social and cultural ties are with the UK. We do not, therefore, have significant reliance on direct trade routes into EU ports.

Primarily, the impact of withdrawal will be felt, directly, by –

- Those who make and sell goods or agricultural products (including fish and shellfish) to EU countries
- Those people living in the Isle of Man who originate in EU countries – other than in the UK and Ireland – who will need to apply for settled status
- Those who employ workers, who may find that there is a reduction in the pool of talent upon which they are able to draw
- Those people who live in the Isle of Man but may wish to travel to EU countries, either for holidays, or potentially to live, work or study there.

There may also be some indirect effects, which could include –

- Fluctuations or reduction in the value of sterling, which could affect the price of consumer goods and food
- Increased tariffs and altered trade patterns which could affect the price of consumer goods and food
- A risk of a downturn in economic growth in the UK impacting growth, housing or employment markets in the UK, which may impact on the Isle of Man

This guide is intended to act, in many instances, as a signpost, highlighting the availability of more detailed information, and providing links to websites, and relevant contact information.

There are sections which deal with issues which will be of interest to the public, and to businesses, and these are summarised in the contents.

People

– People

British Citizens living in the Isle of Man
You will not need to take any action, and there will be no change after 29th March 2019.

EU citizens living in the Isle of Man
The Isle of Man will have an EU settlement scheme in place and ready to accept applications from 30th March 2019. Applications will be free of charge.
Your eligibility will depend on when you took up residence in the Isle of Man, UK or Channel Islands, as set out below:

- EU citizens and their family members who arrived in the Isle of Man, UK or Channel Islands, before 30 March 2019, and will have been continuously resident for 5 years by 31 December 2020 will be eligible for 'settled status' under immigration law. This is referred to 'indefinite leave to remain' (ILR) under current law, and entitles those who receive it to stay indefinitely.
- EU citizens and their family members who arrived in the Isle of Man, UK or Channel Islands before 30 March 2019, but won't have been continuously resident for 5 years before 31 December 2020, will be eligible for 'pre-settled status'. This is also referred to as leave to remain (LTR) and enables these people to stay until they reach the 5 year threshold for 'settled status'.
- EU citizens who arrive in the Isle of Man, UK or Channel Islands after 30 March 2019 must apply for 'Leave to Remain' after three months. A new European Temporary Leave to Remain Scheme will be created in order to facilitate this grant of leave.

https://www.gov.uk/guidance/european-temporary-leave-to-remain-in-the-uk

Close family members (spouses, civil and unmarried partners, dependent children and grandchildren, and dependent parents and grandparents) living overseas will still be able to join EU citizens resident here, where the relationship existed on 31 December 2020 and continues to exist when the person comes to the Isle of Man. Future children are also protected. Guidance on how to apply can be found here:
https://www.gov.im/categories/travel-traffic-and-motoring/immigration/eu-nationals/

Irish Citizens living in the Isle of Man
Irish citizens will not be required to apply for settled status in the UK or in the Isle of Man.

Travel

— British Passports

British Passports issued in the Isle of Man will refer to the European Union until 29th March 2019.

British Passports issued in the Isle of Man from 30 March 2019 will not refer to European Union and will be a new design similar to those issued in the UK.

Passport renewals
If you hold a valid passport, even though it has the words 'European Union' on the cover, you can still use it to travel after 29th March 2019 – subject to checking the expiry date.
If you are travelling to any of the Schengen Area countries after 29th March 2019 (see below) you must ensure that the expiry date on your passport is at least six months after the date that you plan to arrive in the country you are visiting.
In addition, if you renewed your passport before it expired, and if, perhaps, extra months were added on to your new passport's expiry date, then it may be that those additional months will not count towards the six months that you should have remaining.
A simple way to check if this is the case is to use the Passport Checker, which will help you check if your passport is valid for travel in the EU
https://www.passport.service.gov.uk/check-a-passport
If you need to renew your passport, and you are a British Citizen, you can make your application to the Isle of Man Passport Office http://www.gov.im/passports. A 5 day express service is available, should this be necessary.
If your passport does not meet the requirements for travel to the EU, and you do plan to travel there, it must be renewed. This also applies to children's passports.
If you still have concerns, then you can contact the Passport Office by email at passports@gov.im.

Travel to the UK and Ireland
As now, you will not need a passport to travel within the Common Travel Area, which for travel from the Isle of Man includes journeys to the UK, to Ireland, and the Channel Islands.
Photographic ID may, however, be required by your carrier, but this does not necessarily need to be a passport.

Travel to the EU (excluding Ireland)
Rules for travel to the EU (excluding Ireland) will change after 29th March 2019. These new rules will apply to people who hold passports issued in the UK or the Isle of Man, as well as the other Crown Dependencies (Jersey & Guernsey) and the Overseas Territories (including Gibraltar).

EU travel – Schengen area
The Schengen area refers to the agreement between many countries of the EU (and some other countries) which allows people and goods to pass freely across the borders of each country without passport or other controls.

The countries within the Schengen area are –

Austria	**Germany**	**Lithuania**	**Slovakia**
Belgium	**Greece**	**Luxembourg**	**Slovenia**
Czech Republic	**Hungary**	**Malta**	**Spain**
Denmark	**Iceland**	**Netherlands**	**Sweden**
Estonia	**Italy**	**Norway**	**Switzerland**
Finland	**Latvia**	**Poland**	
France	**Liechtenstein**	**Portugal**	

If you are travelling to any of these countries after 29th March 2019 you must ensure that the expiry date on your passport is at least six months after the date that you plan to arrive in the country you are visiting.

EU travel – non-Schengen Area countries
Bulgaria, Croatia, Cyprus and Romania are not in the Schengen area.
You can check the entry requirements for these countries on the UK Government website: https://www.gov.uk/foreign-travel-advice

Travel to countries outside the EU
The rules for travel to countries outside the EU will not change.
You can check the entry requirements for these countries on the UK Government website: https://www.gov.uk/foreign-travel-advice

Declaring goods
In the event of a no-deal exit, passengers arriving into the Isle of Man from the EU will need to declare whether they have any goods on which they need to declare customs duty, excise duty or VAT.

Customs & Excise and the port authorities will facilitate this declaration in relation to providing red and green channels. The UK is developing an online declaration system so that a passenger can pay any taxes due prior to arrival which will also be available for passengers traveling direct from the EU to the Isle of Man. It is anticipated that most passengers will only be bringing goods to the Isle of Man that fall within the allowances and will be able to go through the green channel at the ports.

— Travel by Air

Flying between the Isle of Man and the UK
There should be no change to the operation of flights between the Isle of Man and UK airports.

Flying between the UK and the EU
For those flying onwards to the EU, it is not anticipated that passengers holding 'Schengen compliant' passports will experience any issues at UK airports.

Arrangements upon arrival at EU airports may be a little different, as UK passport holders (including those issued in the Isle of Man) will now join the 'Non-EU' queue when arriving at passport control, and could be subject to additional 'third country' checks.

Flying between the Isle of Man and the EU
There is a regular air service to Ireland, but because of the Common Travel Area agreement, there should be no requirement to take a passport, although it is worth checking with your airline for ID requirements or other conditions of carriage.

There are also some chartered services to EU destinations throughout the course of the year. We do not expect there to be any issues for passengers holding 'Schengen compliant' passports, but delays may occur at EU Immigration control due to additional checks. As above, it is worth checking with your airline before you travel, for further information.

Flying outside the EU
We do not expect there to be any impact on passengers travelling to destinations outside the EU, from the UK.

— Travel by Sea

Travel from the Isle of Man to UK ports is unlikely to be disrupted, although it is always possible that there is additional congestion around some some ports due to increased checks on traffic to and from the EU, including Ireland.

The port of Heysham is unlikely to be affected, and similarly, Liverpool passenger ferry terminal is also unlikely to be affected.

Sailings from Dublin could be subject to additional delays, especially if there is additional congestion in the port area due to customs checks required on goods travelling between Ireland and the UK and Isle of Man.

For those travelling from the Isle of Man on to Europe through the channel ports in England, significant disruption could be possible if using the short-crossing routes out of Dover, Folkestone or via Eurotunnel.

— Travelling with Animals

Cats, dogs and ferrets
Currently, we have the freedom to travel with pets from the UK into the EU when using a pet passport. Pet passports are issued by EU countries and therefore if there is no deal, pet passports issued in the UK would not be valid for travel to the EU.

If the UK has "unlisted" third country status following withdrawal from the EU, dogs, cats and ferrets would need:

- to prove they have been effectively vaccinated against rabies by undergoing a rabies antibody titration test at least 30 days after vaccination and no fewer than three months before their travel date.
- to travel with an animal health certificate issued by an official veterinarian (OV). This certificate will be valid for ten days from the date of issue until entry into EU member states.

In order to be prepared for the UK being treated as an unlisted country (a country that the EU does not accept a pet passport from), you should ensure that your pet:

- has been micro chipped
- has a pet passport or third-country official veterinary certificate
- has been vaccinated against rabies, with a blood sample taken at least 30 days after the rabies vaccination and a waiting period of 3 months before travel
- has had tapeworm treatment (applicable to dogs)
- has a valid health certificate that has been issued no more than 10 days before travel (this remains valid for 10 days after issue for entry into the EU; 4 months of onward travel inside the EU; and for re-entry to the UK for 4 months)

Pet owners should start planning as early as possible. The UK Government is recommending contacting your vet at least 4 months before you plan on travelling to any EU country.
Your pet may be put into quarantine for up to 4 months if you do not follow these rules - or refused entry if you travelled by sea.
There are currently no changes envisaged to the current requirements for pets entering the Isle of Man or UK from the EU after 29 March 2019.

Horses
In the event of a no deal Brexit, the Tripartite Agreement would be revoked, and the UK (and Isle of Man) becomes an "unlisted third country" meaning no horses can enter into the EU until the UK becomes listed which may take several months. Once the UK and Isle of Man are listed, horses will need an export health certificate, which might mean additional tests, and will have to pass through a Border Inspection Post approved for horses (for example, Ostend in Belgium is the only seaport accessible from the Channel that is approved for horses). Owners should factor this into any planning for equine movements.
More information about the Tripartite Agreement can be found here:
https://www.bef.co.uk/repository/downloads/Horses/TPA_Briefing_FIN.pdf

Movement of endangered animals or plants – CITES
The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is an international agreement that aims to ensure that trade in wild animals and plants does not threaten their survival. In the event of the UK leaving the EU without a deal, the UK will continue to comply with CITES obligations; however there may be a change to trade routes, meaning that only designated ports could accept CITES goods. Permits are required for the movement of CITES specimens between the UK and the Isle of Man and this requirement will not change. Please follow the link below for further information.
https://www.gov.im/about-the-government/departments/environment-food-and-agriculture/ecosystem-policy-and-energy/wildlife-biodiversity-and-protected-sites/wildlife/import-and-export-of-exotic-animals-and-endangered-species/

— Driving in the EU

As a member of the EU, UK driving licences are currently recognised and can be exchanged with each member state. However, should the UK leave the EU without a deal, UK drivers would be required to obtain an International Driving Permit (IDP), to use in conjunction with their current UK driving licence, for any car journeys to EU countries.

As the Isle of Man has never been a member of the European Union, Island residents have never benefitted from the same level of recognition and exchange of licences as the UK. Manx drivers have always been required to carry an IDP when driving in the EU and this position remains the same, regardless of the outcome of EU/UK negotiations. It is an obligation that should always have been adhered to, although this may not always have been the case in practice.
It would appear that until now, some Isle of Man drivers may have driven in EU countries without an IDP, and because they have not been readily distinguishable from UK drivers this has gone unchallenged. However, once the UK leaves the EU, there may well be additional scrutiny of UK and Isle of Man drivers travelling to the EU.

An IDP is an official, multi-language translation of your driving licence. It can only be issued by the Post Office if you reside in the Isle of Man, hold a full current driving licence and are aged 18 years or over. The permit will remain valid for 1 year from the date of issue and costs £11. A downloadable application form is available at:
www.gov.im/categories/travel-traffic-and-motoring/drivers-and-vehicles/driving-licences/

It is also important to note that because of international conventions that govern the ability to drive in a country outside the UK, there are some EU countries that Isle of Man licence holders MAY NOT be able to drive in. These EU countries are:

- Estonia
- Latvia
- Lithuania
- Croatia

This is because these countries are signatories to the 1968 Vienna Convention on Road Traffic, and the Isle of Man is not. They may, however, recognise an IDP issued in the Isle of Man, and so motorists are advised to check before they travel.

Motor Insurance – Green Card
A motor insurance Green Card is evidence of motor insurance cover when driving abroad. If the UK leaves the EU without a deal, drivers of UK or Isle of Man registered vehicles will need to carry a motor insurance Green Card when driving in the EU and EEA.

Some countries also require separate insurance for trailers. This means that you may also need a separate Green Card for your trailer.
If you plan to drive your own vehicle in the EU or EEA we would recommend that you contact your vehicle insurance provider to obtain a motor insurance Green Card.

Health Care

— Medicines and Medical Devices

In recent months, stories of possible medicine shortages as a result of the UK leaving the EU without a deal have made news headlines across the UK.

The Isle of Man has been working closely with colleagues in the Department of Health and Social Care in the UK to ensure that the supply of medicines and medical devices can continue as normal after 29 March 2019. The Isle of Man is part of the UK NHS supply chain for medicines and medical devices, and therefore the Island is included within all UK contingency planning in this area.

The risk of delays at borders, such as at Dover or the Eurotunnel, has been assessed by UK officials, and steps have been taken to prevent major disruption to medicine supply. This includes a stock building exercise by wholesalers and suppliers, which will ensure that orders from hospitals, including our own, can be fulfilled in the normal way. There are also plans to use alternative ports to prioritise the importation of medicines, which will be away from the disrupted south coast and channel ports to ensure that the importation of all these products will be unimpeded after 29 March 2019.

Once products are in the UK, there is no further disruption anticipated for onward delivery to the Isle of Man, outside of the normal risk factors we face, such as inclement weather. The Isle of Man Department of Health and Social Care does ensure that it carries additional levels of stock in order to deal with these 'normal' disruptions, which means that they carry stocks to deal with several weeks of normal demand.

Careful monitoring of stock levels will be undertaken, and if it becomes apparent that there is a potential shortage of any particular medicines or equipment, then this will be fed through the UK system.

Safety of medicines and medical devices
This area will not change, as the Medicines & Healthcare Products Regulatory Agency (MHRA) in the UK will continue to monitor the safety of medicines and medical devices.

Ensuring blood and blood products are safe
In the event of a no-deal exit, the UK will maintain equivalence with EU standards on the importation of blood and blood products. This is a measure to prevent any potential disruption to the importation of blood and blood products from the EU. The Isle of Man's blood transfusion service produces 'whole blood' on-Island and obtains other blood products (and some whole blood) from the UK. The Isle of Man will be in the same position as the UK post-exit.

Quality and Safety of Organs, Tissues and Cells
All transplants required by Manx patients are carried out in UK hospitals. In the event of a no-deal exit, the UK will maintain equivalence with EU standards in this area, therefore nothing will change for the Isle of Man.

Clinical Trials
The UK intends to remain included in clinical trials with the EU after 20 March 2019, and is therefore planning to adopt the same rules as the EU to ensure this can continue.

Utilities

Gas & Electricity
As well as providing for heating and cooking in homes in the Island, gas is used to generate electricity at Pulrose Power Station. The Isle of Man supply of gas is through an interconnector to an underwater pipeline that carries gas from Scotland to Ireland. We do not anticipate any disruption to the supply of gas or electricity to the Island if the UK leaves the EU without a deal.
In the extremely unlikely event of any disruption to the supply of gas, electricity could still be generated using diesel for a supplementary power supply and there is also an interconnector which can be used to access the wholesale UK electricity market.

Oil & petrol
The Isle of Man imports all of its oil, used for both heating and vehicle fuel, from the UK mainland as 'finished products', and most of the crude oil used to make them is sourced directly from outside the EU. As this is inland UK trade there should be no change to the current supply system from various refineries in Great Britain and therefore no disruption is anticipated, however there remains a possibility of price rises, should there be fluctuations in the value of sterling.

Water & Sewage
There are a number of chemicals required in the generation of electricity, sewerage treatment and to purify drinking water. Most of the chemicals are commonly used and have numerous supply chain alternatives. This will be monitored closely following the UK's exit, however no disruption is anticipated.

Food

Although we are fortunate to have many producers of high-quality food and drink in the Isle of Man, most of our food comes from the UK.

The UK produces approximately 60% of its own food, with roughly 30% coming from the EU, and the remainder, from the rest of the world. Naturally, this figure can fluctuate during the course of the year, according to seasonal availability. The UK Government has stated that it does not expect there to be food shortages after 29th March, but there could be delays at key channel crossings of Dover and via Eurotunnel, which may cause changes to the types of food we will see in our shops and supermarkets.

There are some concerns as to whether the Isle of Man may suffer disproportionately, due to the perception that we are at the end of the supply chain. We have been reassured on this point, however, by those businesses operating in the food retail sector that the hub-and-spoke system of supplying stores through national distribution centres and wholesale centres in the UK means that Isle of Man stores will be in the same position as cities and towns in the UK, and not, as we might imagine, be at 'the end of the line'.
We are not, therefore, expecting there to be a shortage of food in the Isle of Man, although there may be changes to the types of food available, most notably in respect of those fresh foods which are transported across the channel on a 'just in time' basis.

Food costs
If the UK leaves the EU with no deal, it will no longer benefit from tariff-free trade with the EU. This, coupled with potential increases in other costs in the supply chain (fuel, transport, and storage or warehousing costs) could mean that we will see an increase in the cost of food.

Vulnerable groups and those on restricted diets
As mentioned above, we do not expect there to be food shortages, but there could be a reduction in choice. Those with food allergies or restricted diets should not be disproportionately impacted. We are working with food retailers to identify particular foodstuffs and other items where there may not be immediate substitutes available (a good example being baby formula milk) and to ensure that they have built in additional resilience.

Protecting the community – law & order

The Isle of Man is a safe place to live, and our police, customs, immigration officials, and other officials who protect the safety of our community, have a close working relationship with their counterparts in the UK.
That will continue, and although there may be changes to manner in the UK security and border agencies function, this should not impact directly on the Isle of Man.

Sending and receiving parcels

If the UK leaves the EU without a deal, VAT will be payable on goods entering the UK or Isle of Man as parcels, sent by EU sellers.
For parcels valued up to and including £135, which are non-excise goods, a technology-based solution will allow VAT to be collected from the overseas business that's selling the goods in the UK. Overseas businesses will charge VAT at the point of purchase and will be expected to register with an HMRC digital service and account for VAT due.
If however, the VAT on a parcel has not been paid by the supplier the person receiving the parcel will become responsible for paying any taxes due. Customs & Excise already have a system in place by which customers receiving parcels from outside the EU can pay any taxes due and the intention is to extend this service.

Business

— General

The Isle of Man's relationship with the European Union is currently set out in Protocol 3 to the UK's Act of Accession. It means that the Isle of Man is included within the EU's customs territory, and we enjoy free trade in agricultural products (including fish & shellfish) and manufactured goods.
This means that certain sectors of our economy are likely to be impacted more than others by the UK's withdrawal from the EU.
Because the Isle of Man is already outside of the EU Single Market for the purposes of services, sectors such as financial services, e-business and professional and legal services – should not be directly impacted. There may, however, be indirect effects, such as changes to the availability of labour supply, currency exposure and the risks posed by an economic downturn in the United Kingdom.

In December 2018, the Department for Enterprise produced a document entitled "Brexit – Business Checklist". This is available to view here:
https://www.iomdfenterprise.im/assets/PDFs/1939f4858d/Brexit-Business-Checklist.pdf

In addition, the UK Department for Business, Energy and Industrial Strategy (BEIS) published a guide for "Importing, exporting and transporting products or goods after Brexit", available here:
https://www.gov.uk/guidance/importing-exporting-and-transporting-products-or-goods-after-brexit.

Furthermore, the UK's HM Revenue and Customs has also published a detailed guide specifically for people and businesses moving goods across the UK border after a no-deal exit, available here:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/777373/Partnership_pack_Feb_2019.pdf

There are several issues which will apply to all sectors where there is direct contact or a trading relationship with the EU. These are set out below.

— Employment & Staff

If you employ European Economic Area nationals, the Isle of Man is planning to introduce a Settlement Scheme offering the same rights to them and their families to stay in the Isle of Man as in the UK. (Further information can be found on the settlement scheme in the 'people' section of this guide).
In respect of non-UK or EU nationals, the UK is planning changes to immigration rules for new applicants (including EEA and non-EEA nationals) and the Isle of Man's position is likely to mirror those.
Irish nationals will continue to be able to live and work in the UK and the Isle of Man by virtue of the Common Travel Area.

Cross Border Trade
Businesses involved in the movement of goods cross border with the EU may wish to consider and plan for a number of factors and changes which may impact them following Brexit. These include:

- Assessing costs and risks that may arise from future legal and regulatory differences between the UK and the EU
- Reviewing pricing mechanisms in contracts and the impact of new tariffs, regulatory requirements, currency fluctuations and transaction costs
- Reviewing any contract terms that could be impacted
- Reviewing imports which may become subject to tariffs
- Stock buffering or increased maintenance inventory (e.g. production line consumables)

Currency Considerations
Businesses will be aware that the value of GBP sterling has depreciated since the Referendum over two years ago and this may have assisted some in developing new export markets or orders in view of their goods being cheaper in the hands of foreign buyers. Conversely the supply of raw materials, foodstuffs, etc. priced in foreign currencies has become more expensive. The Bank of England has predicted currency volatility and the potential for significant sterling depreciation after Brexit. Businesses exposed to currency volatility in this way may therefore wish to consider hedging methods and forward contract planning, while ensuring they have adequate financial facilities in place to mitigate this.

— Intellectual Property Rights (IPR)

Patents
The Isle of Man does not have its own Patent Office. Instead patents registered with the UK Intellectual Property Office automatically cover both the UK and the Isle of Man. Though most patent law in the Island derives from the UK, some EU patent-related mechanisms, such as that for supplementary protection certificates, also apply to the Isle of Man. The UK's intention is that supplementary protection certificates will still remain in place after Brexit. The Isle of Man is working with the UK to ensure those mechanisms continue in a 'no deal' scenario so that no change can be expected.

Trade Marks and Design Rights
Anyone in the world can apply for an EU trade mark or registered Community design. These rights cover all EU member states, and include the Isle of Man. However, with a no deal Brexit, EU trademarks and registered designs will no longer cover the UK or the Isle of Man. The UK intends to create equivalent protections which will be granted to existing EU trade mark holders when the UK exits the EU. The Isle of Man is working with the UK Government to ensure those rights also cover the Island in that event.

— General Legal Issues

As a 'third country' for services and not being an EU Member, the Isle of Man has limited integration with EU law compared with the UK. The Isle of Man plans to ensure that through its European Union and Trade Act 2019, as far as possible, Isle of Man law where it references the EU will be amended to enable the Isle of Man and its businesses to function much as before Brexit and also that any remaining legal deficiencies that may be identified can be quickly remedied by means of this Act.
Businesses may nevertheless need to be vigilant for changes in the law and take professional advice where necessary. Examples of where there might be some issues or changes are in any ongoing legal disputes cross-border with the EU, or in any mergers and acquisitions activity (e.g. the UK will be modifying its Companies Act 2006 in this regard concerning the Takeover Code/Panel and the Isle of Man's participation in this is expected to continue).

— Business Support

The Department for Enterprise is planning to put in place contingency measures within its Financial Assistance Scheme to support businesses in difficulty and to help businesses with their resilience, with such measures activated only in the event of a no deal Brexit. Further information will be obtainable directly from the Department should the default position of a no deal come to pass.

— Manufacturing

Although we are currently outside of the EU, the manufacturing industry is – by virtue of the Customs and Excise Agreement, and Protocol 3 – able to operate as if the Isle of Man were part of the EU.
The manufacturing sector employs approximately 2,000 people primarily in three areas; precision engineering, food and drink, and general manufacturing. The sector accounted for 2.9% of the Island's National Income in 2015/16, and is an important element of the diversified economy the Isle of Man Government is seeking to nurture.
The manufacturing sector relies more than most others on the Island's existing relationship with the UK and the EU. One problem for manufacturers should the UK leave the EU without a deal, is the loss of access to integrated supply chains. Presently, large parts of the manufacturing sector run on a 'just in time' basis for goods imported and exported. These goods travel across EU member states without customs checks or tariffs. Potentially, depending on the outcome of negotiations, this will change, and there are several areas in particular that manufacturers, as well as other businesses, should be considering:

- **EU Customs checks** - In future, Isle of Man and UK exporters to the EU may need to start making customs declarations on all goods destined for the EU. In this case it is important that business considers what customs arrangements and documents are currently complied with for non–EU markets. These treatments will most likely apply to all imports from, and exports to, the EU in future.

  Businesses that will import goods from the EU or export goods to the EU will need to apply for an EORI number. More information on the requirement for an EORI number can be found here: https://www.gov.uk/guidance/get-a-uk-eori-number-to-tradewithin-the-eu

- **Tariffs** - In the event of a 'no deal' Brexit there will be tariffs between the UK and EU based on MFN (Most Favoured Nation) tariffs which apply when countries do not have any other special trade agreements. This could lead to additional costs.

- **Potential delays at UK/EU border** - There will be potential delays between UK and EU borders as customs checks are implemented and tariffs payable on goods if there is no deal, which could also impact price.

- **Rules of Origin** - Even if the UK has a deal which includes a zero–tariff trade agreement with the EU, Isle of Man and UK companies will need to prove that their products are of Isle of Man/UK origin to benefit from this, though the exact terms are yet to be defined. Origin rules generally mean greater than 50 –55% of the product is locally sourced and certificates of origin are generally obtainable from the Chamber of Commerce.

- **EU Trade Agreements with Third Countries** - Although the UK's intention is to secure the benefits of the existing approximately 40 EU trade deals with some 70 other countries, these may take time to secure and in the event of 'no deal' or if not secured, preferential trade terms will no longer be available. The UK has already announced that there is a deal with Switzerland that provides for continuity of trade relations on similar terms to previous after Brexit. Details of existing EU trade agreements with third countries can be found here: http://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/

- **Customs facilitation and reliefs** - There are a number of duty relief/deferral schemes available to Isle of Man and UK businesses from Customs. There is also a trusted trader scheme – AEO (Authorised Economic Operator) – that may be relevant if your supply chain is already party to it. The Isle of Man Customs and Excise Division can provide more information on this.

- **VAT** – The UK and the Isle of Man will both leave the EU VAT area on 29 March 2019, unless there is a deal to the contrary. This could have several implications for business, and EU VAT registrations may be required.

  Legislation which the UK proposes to introduce in the event of a no deal Brexit which determines the new regime for customs and VAT arrangements that will apply in the UK (and will be effectively followed by the Isle of Man), can be found here:

  https://www.gov.uk/government/collections/customs-vat-and-excise-regulations-leaving-the-eu-with-no-deal#history

The Isle of Man Customs and Excise Division can provide guidance on VAT issues, and also with regard to the duty relief and deferral schemes available to Isle of Man and UK businesses.

To support local businesses, the Department for Enterprise has also introduced a new grant category under its Business Improvement Scheme for obtaining

external consultancy to help with Brexit planning:

- Businesses in any sector may apply, not just exporters;
- 50% support (up to a maximum of £5,000) is available.

A Brexit Business Checklist, which covers cross border trade, taxation, currency risk, product regulations, intellectual property rights, legal issues, and employment and staffing considerations is available at: www.iomdfenterprise.im/assets/PDFs/1939f4858d/Brexit-Business-Checklist.pdf

— Retail and Construction

The retail and construction industries on the Isle of Man form a significant part of the local economy as a whole with employment of approximately 5,000 people attributable to retail and over 3,000 in construction, respectively. The potential delays at UK-EU borders may impact these sectors, as deliveries of materials and products are slowed, or reduced.
In addition, access to labour from the EU could be impacted, and employers are encouraged to contact the Department for Enterprise if they have any concerns or needs.

— Tourism & the Visitor Economy

Tourism and the broader Visitor Economy provide a valuable contribution to the Isle of Man's economy overall and to our quality of life and is a significant source of local jobs.

Total visitor spend amounted to £108 million in 2015 providing income to and generating employment for carriers, accommodation providers, attractions, eateries, and retailers.

The Island shares a common currency with the UK and is a part of the Common Travel Area with the UK, Ireland and the Channel Islands, and it is therefore difficult to envisage there being any significant impact upon the number of people visiting the Island when the UK leaves the EU. It may be the case that possible currency fluctuations following UK exit from the EU will encourage 'staycations', and the Island could see a rise in visitors from the UK. Likewise, the number of visitors from the EU could increase as a result of the strength of the Euro against the Pound.

— Agriculture

The agricultural sector employs 796 people on the Isle of Man and is an important part of our economy and our Island community. In the dairy sector, 61% of produce is consumed locally, with the other 39% being exported. Of all of the meat produced on the Island, 58% is sold to the export market. In particular, 75% of our lamb production is exported.

There are no plans to change the ways in which the Isle of Man Government provides support to the farming sector as a result of the UK leaving the EU. On the Island, nothing should change for farmers.
At the moment, certain EU regulations relating to agricultural products apply on the Island in order to allow the free movement of our goods to the EU market. These are being retained so that even after Brexit there will be no change to the rules and regulations that Isle of Man farmers and producers need to follow.
What may change are the terms on which producers are able to export to the EU market. It is possible that new tariffs and requirements would apply to goods moving across the UK-EU border, and these would apply to any Isle of Man exports to EU countries.

— Fisheries

Sea fisheries, including onshore processing, is currently worth £20 million per year to the Manx economy and provides around 400 jobs.
The Isle of Man is not directly subject to the EU's Common Fisheries Policy (CFP) but we have a Fisheries Management Agreement (FMA) with the UK under which our management of fisheries matters in Manx waters (in the 3-12 nautical miles zone) must comply with the UK's obligations under the CFP and, in addition, the Isle of Man can impose additional conservation measures. The FMA requires non-discriminatory access for UK vessels in Manx waters and in turn Manx vessels have fair and non-discriminatory access to UK waters.
The four main species of shellfish commercially exploited from the Manx territorial sea are queen scallop, king scallop, crab and lobster. The majority of king and Queen Scallops, crab and lobsterqueen scallops landed to Manx processors are exported to France, Spain and Italy. There is increasing interest in the local whelk fishery, which has grown rapidly to around £2.5 million of exports to Asian markets.

The UK will no longer be part of the CFP once it leaves the EU, and this in turn could mean changes to the rules around fishing quotas and access to waters for the Manx

fishing fleet. If you are in the fisheries sector and would like more information, please contact the Department of Environment, Food and Agriculture at fisheries@gov.im
The onshore fisheries processing sector on the Isle of Man is particularly reliant on EU workers, and this is not expected to change as a result of Brexit. See the 'people' section of this guide for more information on what EU nationals need to do in order to remain on the Island permanently after the UK's withdrawal from the EU.

In addition, further information can be obtained from the DEFA Fisheries webpage here:
https://www.gov.im/about-the-government/departments/environment-food-and-agriculture/fisheries-directorate/

Further information can also be obtained at the following websites:
https://www.seafish.org/article/seafish-releases-bespoke-brexit-guide-for-seafood-industry

https://www.gov.uk/guidance/exporting-and-importing-fish-if-theres-no-brexit-deal

The UK Marine Management Organisation is due to issue further information to all owners of fishing vessels registered in England and Wales and all buyers and sellers registered in England on importing and exporting fish to and from the EU shortly. DEFA will also be writing to local fishing industry in similar terms.

Exporting animal and fisheries products

The terms on which Manx producers are able to export to the UK market will not change. Additionally, the same rules that currently apply when exporting to non-EU countries (such as the Asian or North American markets) will continue to apply.
If the UK leaves the EU with no deal in place, Export Health Certificates (EHCs) would be required for exports of all animal products and live animals from the UK to the EU. Consignments would need to travel through a Border Inspection Post (BIP) within the EU. EHCs would need to be signed by an Official Veterinarian or authorised signatory following inspection of the consignment.
Fisheries products landed in the Isle of Man, or any UK port, would require a catch certificate to verify its origin before it could be sold to the EU market.
It is also possible that trade between the UK and the EU would become subject to tariffs. This would mean that Manx produce being sold in EU countries would become more expensive and potentially therefore less competitive in that marketplace. Additionally, in a no deal Brexit, trading with any of the over 70 countries with which the EU has a Free Trade Agreement could be subject to additional tariffs. See page 20 for more information on tariffs and trading arrangements.

— Importing animals and animal products

After the UK's withdrawal from the EU, access to the EU import notification system (TRACES) will cease, so a new import notification system is being developed by the UK. For an interim period the UK has indicated that it will continue to recognise transporter authorisations, certificates of competence, vehicle approval certificates and journey logs issued in the EU. Importers would be required to notify the UK (or Isle of Man if appropriate) authorities using the new import system and would be directed to an existing UK Border Inspection Post (BIP) where relevant checks would take place. Live animal imports to the Isle of Man direct from third countries will continue to be prohibited.

Labelling food products
Labelling provisions are set out primarily in the EU Regulation 1169/2011, certain provisions of which are enforced in the Isle of Man by the Food Information Regulations 2014. Compositional standards for certain foods (e.g. honey, chocolate products, jam) are also set out in corresponding Isle of Man Regulations. These rules will remain unchanged in the Isle of Man after exit day. Use of the term EU in origin labelling would no longer be correct for food/ingredients from the UK or the Isle of Man.

Health marks on meat, fish and dairy products
Premises on the Isle of Man producing meat, fish or dairy products for export off-Island must be approved under Regulation (EC) 853/2004 which is enforced on the Island by DEFA.
All produce from approved premises must carry the appropriate health or identification mark. Health or identification marks are currently oval in shape and state that it is produced in the EU, that it is from the Isle of Man, and carries a unique approval number.
After the UK's withdrawal from the EU, the UK (and the Isle of Man) will no longer be entitled to use the EU abbreviation. In order to maintain trade with EU countries, any new health mark would have to meet EU 'third country requirements' and as a minimum the EU abbreviation would have to be removed. The UK Food Standards Agency is currently considering what form the 'new' health mark will take. DEFA will closely monitor these communications and update local businesses as soon as possible, but it is expected that the new health mark will be as similar as possible to the current one.

No Deal Brexit – an explainer

— What is Brexit?

It is a word which has come to be used to describe the process of the UK withdrawing from its membership of the European Union.

What is the European Union?
It is an economic and political partnership which comprises, currently, 28 Member States. It pools decision-making powers in certain areas, in order to make common rules to allow for the creation of and functioning of a single market. There are no duties imposed on goods which are exported from one Member State to another and common standards mean that food, agricultural products and manufactured goods can pass freely throughout the EU.

What is the European Economic Area
The European Economic Area (EEA) consists of all EU countries as well as Iceland, Norway and Liechtenstein. It allows them to be part of the EU's single market. Switzerland is neither an EU nor EEA member but is part of the single market - this means Swiss nationals have the same rights to live and work in the UK as other EEA nationals.

Why is the UK leaving?
The UK Government proposed that a referendum be held to ask British voters whether they would wish the UK to remain an EU Member State, or to leave. The vote determined that the UK should leave.

Article 50
The process by which a Member State may leave the EU is set out in Article 50 of the Treaty on the Functioning of the European Union. Acting on the result of the referendum, the UK Government signalled its intention to leave, on 29th March 2017. This activated the process, and set the date on which the UK is due to cease to be an EU Member State as 29th March 2019.

What is 'the deal'?
The UK Government, and the EU Commission (on behalf of the EU) came together to negotiate the terms upon which the UK would leave the EU. This was intended to ensure an orderly withdrawal, and also to set out the framework for what the UK's future relationship with the EU might look like. Together, the Withdrawal Agreements and the Political Declaration are known as 'the deal'.

Why hasn't 'the deal' been agreed, if both sides finalised it?
The Withdrawal Agreement & accompanying Political Agreement were signed off by the UK Government, the European Commission negotiators, and by the European Council. It did not, however, when presented to the House of Commons, attract the support of MPs.

Why didn't Parliament support 'the deal'?
Although it is difficult and perhaps unhelpful to speculate on the motivation of those politicians who voted against the deal, it could be said that it failed to establish enough support in the middle ground between those who, at opposing ends of the spectrum either wish to leave the EU with no agreement in place, and those who would wish to see a closer UK/EU relationship remain in place.

What happens next?
The Prime Minister has been mandated by parliament to attempt to re-open discussions, in order to make for some changes to, or at least attach some further conditions to, the Northern Irish backstop.

What is the backstop?
The backstop is an arrangement which is set out in the Withdrawal Agreement which stipulates that should the UK and EU fail to achieve a long-term settlement or new relationship which prevents the establishment of a border between Northern Ireland, and the Republic of Ireland, then Northern Ireland would remain in Customs Union and regulatory alignment with the EU.

Will the Withdrawal Agreement apply to the Isle of Man?
If agreed, the Withdrawal Agreement would apply to the Isle of Man to the extent of the Island's current relationship with the EU. In other words, it would retain the status quo.

Is the Isle of Man included in the backstop?
As with the Withdrawal Agreement as a whole, the backstop provisions would apply to the Isle of Man to the extent of the Island's current relationship with the

EU.

Why can't the Isle of Man have its own 'deal' or relationship with the EU?
The Isle of Man is not a sovereign state, and so by convention, under international law, it cannot enter into binding international commitments in its own right.

What is Customs Union?
A trade agreement under which two or more countries do not put tariffs (taxes) on goods coming in from other countries in the union. The countries also decide to set the same tariff on goods entering from outside the union. The EU customs union includes EU member states and some small non-EU members and forbids members from negotiating trade agreements separately from the EU. Instead trade agreements are negotiated collectively.

How does Customs Union differ from the backstop?
Full Customs Union would keep the entire United Kingdom in regulatory alignment with the EU, whereas the backstop would keep the entire UK in Customs Union but only Northern Ireland within regulatory alignment. This could mean that goods made and sold in Northern Ireland could be subject to different rules from those in the rest of the UK.

What if no deal is agreed?
It is highly unlikely that either the UK Government or the European Union would intentionally pursue a no-deal exit.

Some politicians in the UK have voiced their support for a 'managed no-deal' – where there would not be an overarching Withdrawal Agreement but there would instead be 'mini-deals' in a number of key areas such as transport and aviation. The Technical Notices and contingency plans already published by the UK and the European Commission would likely form the basis of these, but it is unlikely that these would succeed in fully mitigating the potential disruption of a no-deal exit.

A guide for Isle of Man residents and businesses in the event of a

NO DEAL BREXIT

Produced by Isle of Man Government