

UKPIA and our members believe that a deal must remain the priority for March 2019

We assess that the implications of no deal, especially if realised at short notice, will far outweigh the benefits of any form of continued relationship between the United Kingdom and the European Union. At worst, we believe that there is an increased risk to fuel supplies in the UK

Our assessment takes into consideration many factors across many policy areas, from border controls to industrial emissions. However, the need to ensure adequate access markets for goods and services to continue to enable the just-in-time delivery of fuels is the most vital items to secure and is important to the economy, not just our sector, given fuels and other petroleum products underpin almost all UK economic activity

UKPIA has developed a comprehensive position paper which covers also our preferred negotiation outcomes for Brexit - available on request

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UKPIA Priorities for Brexit

Access to key markets for goods and services:

The barrier-free movement of goods, people and capital across borders is important for the downstream oil sector and refineries to maintain efficient and competitive supply, along with availability of resources and technology

Stability:

Minimising the period of uncertainty is essential in order to maintain investor confidence, sustainability and resilience of the downstream oil infrastructure and supply

Collaboration:

A collaborative approach and ongoing strategic dialogue between government and industry will be critical to identify and mitigate against risks and to realise opportunities

UK Petroleum Industry Association

No Deal Brexit Analysis



This leaflet sets out at a high level a number of policy areas impacted by a no deal Brexit, as well as suggesting measures we believe are required to be in place to remedy them

Air and Water Quality

- **In all scenarios we encourage that all the UK regulators require the same standards of of BAT implementation as is the ambition now**
- The sector welcomes the stated intention to maintain standards on areas such as waste, air quality, water, and protection of habitats and species and keep legal framework and permits / licences etc in place
- The plan to establish a new, independent statutory body to hold government to account on environmental standards is raised in the technical notice and we believe goes beyond the acceptable competences of such a body
- On industrial emissions standards ('best available techniques') UKPIA welcomes the continuation of integrated pollution control, however, the UK government's intention to 'put in place a [UK] process for determining future UK BAT Conclusions for industrial emissions' could create different conclusions for UK and EU entities

REACH

- **UKPIA calls for urgent reassurance from UK Government that alternative, temporary, measures will be considered for incoming movements under REACH/CLP to ensure that chemical shortages are not allowed to occur – impacting on both fuel supply and vital chemical products for operations**
- The No Deal Technical Notices emphasise the importance of finding a way to negotiate to remain under REACH (and CLP)
- A No Deal results in negative impacts for zero safety benefit, with added burdens and delays at the border increasing risks of shortages, threatening both fuel and petrochemical supplies.
- Duplicate registrations for the UK replacement for REACH and significant changes to registration of fuels for sale in the EEA will reduce UK competitiveness

Carbon Related Emissions Policy

- **The loss of cross-EU trading will, in the short term, reduce the efficiency of decarbonizing our sector costing the consumer money**
- Clarity on meeting 2018 requirements reduces uncertainty but the need to surrender allowances for March and April 2019 early and not being able to utilize expected 2019 allowances means that UK operators are at a disadvantage to European competitors
- The intention to transition to a carbon tax in a No Deal scenario should remain an option, however, we believe it should be a long term ambition and may be tough to deliver by April.
- We would welcome engagement with BEIS to best enable companies to adequately prepare for what may be a significantly different set of arrangements

Trade

- **Barrier free movement of goods is important for the sector to maintain efficient and competitive supply.**
- We welcome intentions to "work closely with industry to ensure...interventions...minimise delays and additional burdens" but this is especially vital to oil given the underpinning role of fuels in the economy
- Government must seek to deliver bilateral UK-third country agreements from exit day, or soon thereafter to secure existing trade and a 'Most-Favoured Nation' basis for trade tariffs is essential to protecting equality of trade terms to business

Fuels

- **The UK should continue to follow FQD road fuel standards since the vehicles are much the same throughout the European continent.** UK should continue to participate at CEN. Rather expand BSI to cover the CEN work for the same vehicles which would be costly and less effective
- On Sulphur limits, we believe the UK should continue to follow MARPOL as an international regulation while heating fuel sulphur levels follow EU norms, as appropriate, under UK legislation

Compulsory Oil Stockholding

- **There is significant risk to international oil stocks ticketing, which must be addressed as a matter of priority** or risk UK non-compliance or long-term increased costs to operators (and the consumer)
- UKPIA members welcome the No Deal position set out in the Technical Notice, moving as it intends to the (lower) IEA level of obligation.