

Brexit in Automotive: Deal or No Deal?

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In the famous TV show, Deal or No Deal, the uncertainty is built until the very last box is opened. With Brexit, it seems they've managed to increase the suspense as someone keeps moving the box! We shift from one level of uncertainty to the next. Latest results suggest this is now seriously affecting the Automotive industry.

Brexit has now reached a point where we can't really be certain about the things we're certain about. Last month [the UK stood down over 6000 staff](#) that had been involved in planning for a 'No Deal' Brexit. So, No Deal is off the table? Well, no. It's not even less likely. This is a political crisis that's now affecting every part of business.

The [Markit/CIPS UK manufacturing purchasing managers' index](#) (PMI) for April showed that expansion in output and new orders slowed and new export business decreased at the second-fastest pace in four-and-a-half years. The economic slowdown has led [Tom Crofty](#), chairman of the CBI's manufacturing council, to comment: "Every day that goes by without a resolution results in more businesses putting off investment and stockpiling goods in order to soften the blow from a potentially disastrous no-deal Brexit."

Nowhere is this slowdown more apparent than the automotive industry. The [Society of Motor Manufacturers and Traders](#) (SMMT) report that production fell 9.1% in the UK automotive industry to 1.52m vehicles, with output for UK market and exports falling 16.3% and 7.3% respectively. The industry body suggests that investment in the sector has almost halved in 12 months.

[Mike Hawes](#), Chief Executive of SMMT said that the worst effect of Brexit will be caused by "the permanent devastation caused by severing our frictionless trade links overnight, not just with the EU but with the many other global markets with which we currently trade freely".

Even if a No Deal scenario is avoided, it is almost impossible to conceive that trade between the UK and the EU will be as friction-free

as it is now. This was the focus of a survey [‘Brexit and the UK Automotive Industry: Understanding the Impact’](#) conducted by the Centre of Brexit Studies and OpenText. We looked at the UK’s automotive industry and how it is preparing for Brexit.

Our research study set out to identify the likely implications that different Brexit options could have on the industry in five key business areas: supply chain management, operations and logistics, human resource management, regulations and compliance and customer communications.

The report set out a number of key recommendations about how, Deal or No Deal, automotive companies can prepare for Brexit:

- Automotive companies need to have good [enterprise information management \(EIM\)](#) policies in place for managing and reporting on contracts to implement changes and mitigate risks.
- OEMs and suppliers need to have a strong [information governance](#) strategy in place to ensure compliance with any new regulatory requirements or checks.
- More emphasis on workforce planning and skills development is needed in the likelihood that Brexit further restricts the supply of immigrant labor.
- Closer communication and collaboration between automotive manufacturers, partners and customers is needed to ensure a free flow of information.
- Automotive manufacturers need to have an improved understanding of their supply chain, particularly with respect to any new documentation and compliance requirements that might be put in place.

In my opinion, improved [Enterprise information Management](#) (EIM) lies at the heart of any technology-driven approach to meeting whatever Brexit environment the automotive industry finds itself in. While a completely technological solution to cross-border trade is still some way off, EIM uses packages that exist today to ease the process of supply chain management and customs clearance.

This technology can help replace physical infrastructure to enable organizations to meet the new customs arrangements but this will

revolve around the quick, effective and intelligent sharing of information. For example, Advanced Shipping Notices (ASNs) could form a basis to facilitate pre-arrival clearance, reducing potential bottlenecks at the borders.

Read the full report by downloading your copy of [‘Brexit and the UK Automotive Industry: Understanding the Impact’](#) today.