



Brexit insights: Chemicals sector

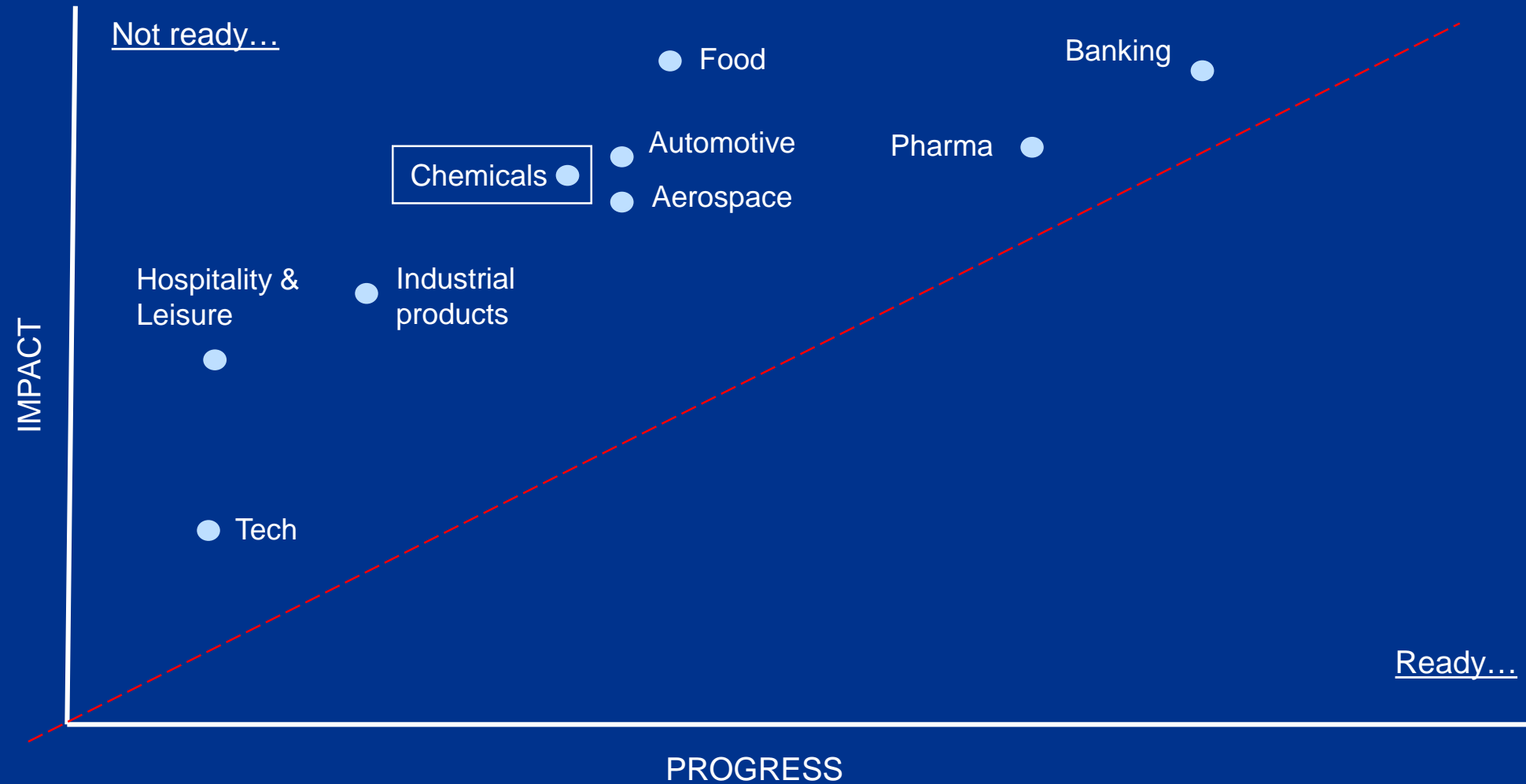
July 2018



Exposure analysis: a complex matrix

| | Successful negotiation | Acceptable deal | Mitigated No deal | Cliff edge |
|---------------------|--|--|--|---|
| Tax and tariffs | Low or no tariffs | | Revert to WTO rules | |
| Disruption | Transition to low-friction customs processes | | Dover congested Interim agreement on air travel prevents worst disruption | Extensive delays at land and maritime borders. Unpredictable effects |
| Market access/legal | Best case: services included in ambitious free trade deal | Low impact on goods trade Divergence impairs access for those services not in FTA | Steady state preserved but will diverge over time | Will diverge over time. Some surprises will lead to real-time repairs |
| People | Existing EU nationals have lifetime rights. Future EU and non-EU migration more challenging | | | Restricted migration UK less attractive to talent |
| IT | Minimal changes | Changes with transition period to implement | Short window to prepare for changes | Significant disruption. Likely industry capacity challenge |

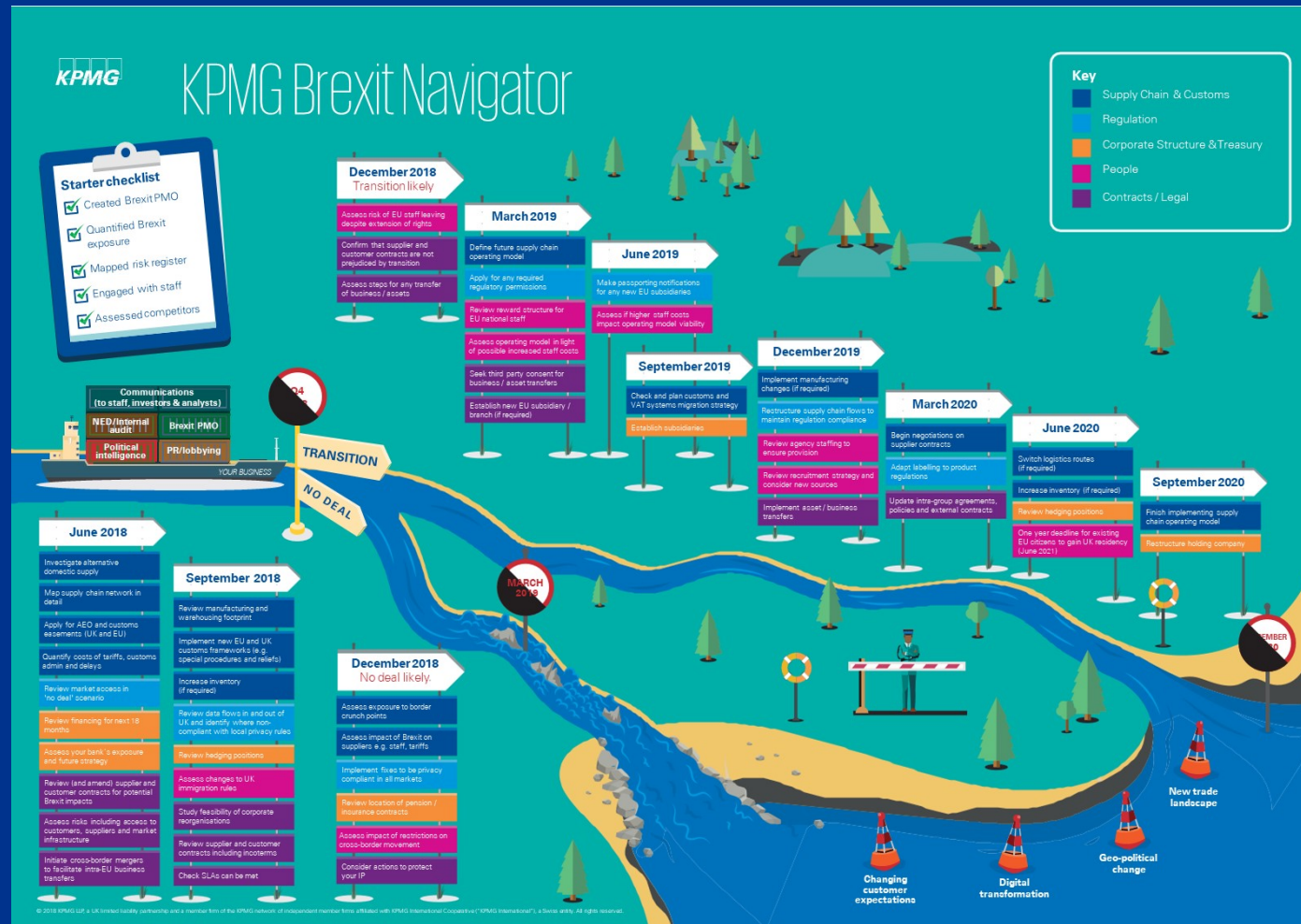
Sectors: Impact vs Progress



Chemicals Sector: Insights and practical experience

| Areas of focus | Challenges | Opportunities | Practical actions |
|--|---|---|--|
| <p>Customs duties – impact assessments</p> <p>Supply chain</p> <p>Procurement - Are your suppliers / clients prepared?</p> | <p>Infrastructure: difficult and expensive to relocate</p> <p>Weighing up the options: Act now or wait and see?</p> | <p>Brexit as a catalyst for much needed change in the sector</p> <p>“No regrets” planning</p> | <ul style="list-style-type: none">- Adjust inventory levels- Logistics stress test- Reorganise personnel- Restructure supply chain- Assess pricing |

KPMG Brexit Navigator





Thank you!

Tim Sarson

KPMG UK Brexit lead for Chemicals and Pharmaceuticals

+44 20 7694 4831

Tim.Sarson@KPMG.co.uk

