

To: Customers of GEMU Valves Ltd. within the UK

10 July 2019

## **Planning for the UK Exit from the European Union**

### GEMU Statement of Position - Issue No. 3

This revision to our statement of position No. 2 dated January 2019 is issued to update our customers on the current status from our perspective.

GEMU Valves Limited in UK relies on supplies from our German EU factory for materials that you purchase from us. Our business systems operate as part of the GEMU Group "Penta" Online Software Order Processing system. Orders are placed into our system and transferred directly to the German factory system, who assemble, pack and ship products to customers directly in the UK. Goods are usually not handled via our GEMU UK offices in Warrington, except in some situations where we ship items from our stocks here.

The rejection of the governments Brexit deal with the EU has caused deep political turmoil in the UK and the subsequent resignation of our Prime Minister. Our opinion is her replacement has a virtually impossible chance to achieve an agreement before the deadline on 31 October 2019. The situation appears that a "No Deal Brexit" will occur.

As indicated in our two previous statements, GEMU are prepared that in the event of a "No deal Brexit" we will apply the same methods of handling the import of goods from Germany as we would today for the current import of goods from Non-EU countries on World Trade Organisation (WTO) terms. The same general procedures would apply.

Our GEMU factory in Germany already trade with scores of countries worldwide who are outside the European Union, so systems are already in place to similarly handle trade to the UK on WTO terms if the UK leaves the EU - without a Brexit deal.

Internally our GEMU "Brexit" working group has been active preparing to handle the situation and to prepare our business systems in advance to handle the transit to a full Brexit phased from 31 October 2019. At the moment, and despite being prepared, due to the UK/EU negotiations not being finalised we have ourselves no finalised strategy formulated to handle the change as the circumstances are still not yet known.

However, we are preparing measures for WTO Customs requirements for the import of goods from Germany to UK:

- We have an Economic Operator Registration and Identification (EORI) registration number GB344053873000 so we are able to import under this registration.

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- We are working with Fedex and GLS to sustain a robust import administration system for deliveries to UK. These companies will handle:
  - Digital entry of goods for Customs certification from Germany.
  - Freight control and costs.
  - VAT payments via Bank Guarantee.
  - Payment of any Import duties on our behalf.

We are also preparing for:

- The impact of any duties and handling charges on current prices of our products to the UK market
- Waiting for any euro exchange rate movements that could affect prices in GB£
- Preparing to alleviate delivery delays at Customs from our German factory to our customers sites
- Assessing UK stocks of products to mitigate delays

Please rest assured that as far as GEMU is concerned we are trying our very best to reduce the effects of the exit from the EU. What happens in the next few months will decide the future trading methods, but at least we are strengthening our position in preparation for these major changes to our trading.

Should the situation change we will contact you again.

For further information – the following UK Gov website link is of interest. This is an updated link since our last statement.

[UK Gov website link – Preparation for Brexit](#)

With the very best of greetings from your GEMU team.

Yours sincerely,



**Steve Orton, BA (Hons)**  
Managing Director

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