

The global pandemic is further compounding the challenges of Brexit. A recent report by the LSE suggests that the dual impact of the global pandemic and Brexit will leave little time and resources for businesses to adapt and mitigate risk. Many businesses have used up reserves and stockpiles earmarked for Brexit during the pandemic, leaving them further exposed.

As a result of the uncertainty, Brexit remains a key topic on the risk registers of many organisations and according to the [2020 Deloitte Report of Reports](#), 24% of organisations cite it as a principal risk to their business strategy whilst a further 42% include it within a broader risk category. Brexit is also a key topic on mid year earnings calls for 40% of the companies of the FTSE 100 industries analysed by [FactSet](#).

### **The UK Chemicals Industry**

The chemicals industry is one of the most important cross border trading sectors in the UK, with 60% of exports to the EU and 75% of imports from the EU. With complex value chains that not only create local interdependencies but can also materials that cross EU borders many times, clearly frictionless trade and compliance across borders is essential for the industry and the downstream sectors that rely on your products. In the area of operations and logistics there will be new requirements to manage product labelling, packaging and maintaining regulatory compliance. These challenges will create additional financial or other cost burdens through: tariffs & quotas, customs declarations, certification costs, audits to ensure rules of origin compliance, loss of collaboration opportunities in R&D, additional border checks, EU customers switching to other suppliers and visa costs for EU workers.

To maintain market access and mitigate risks it is critical that your focus remains on ensuring your ability to offer continuity of service and supply to your customers and supply chains in compliance with the regulatory frameworks.

**Customer engagement & Co-Innovation:** Chemical companies will need to focus on their customers' needs and their experience. To remain competitive, it will be critical to be agile and strengthen relationships whilst improving operational efficiencies.

#### **Additional Resources:**

[SAP Customer Experience](#)

**Supply Chain:** Chemicals companies may experience shortages of key raw materials, increased COGS due to tariffs, delays at border crossings, and new suppliers. Companies must re-assess their supply chain strategies and re-configure to be built up of a network of local and non-EU suppliers.

#### **Additional Resources:**

[SAP Integrated Business Planning for Supply Chain](#)

[SAP Logistics Business Networks](#)

**International Trade Management:** Chemical companies will need to work with new trading partners, be able to screen and manage trading agreements quickly and effectively to reduce the risk of penalties and fines, and clear inbound and outbound customs quickly.

#### **Additional Resources:**

[SAP Watchlist Screening](#)

[SAP Global Trade Services](#)

[SAP Ariba Network](#)

**Maintaining competitive advantage:** With an increasing competitive environment and economic volatility chemical companies will need to become more agile and respond to market conditions faster to retain competitive advantage. Optimising operational processes and innovating at pace will become standard operational practices.

**Additional Resources:**

[SAP Process Mining](#)

[SAP Cloud Development Platform](#)

Brexit may provide the impetus to re-evaluate and transform to meet and exceed the new challenges facing chemical companies.

**Additional Resources:**

[SAP Solutions for Chemical Industries](#)