

Northern Ireland Affairs Committee

Oral evidence: [The land border between Northern Ireland and Ireland: Follow-up](#), HC 1684

Wednesday 14 November 2018

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Members present: Dr Andrew Murrison (Chair); Mr Gregory Campbell; Maria Caulfield; Mr Robert Goodwill; John Grogan; Lady Hermon; Kate Hoey; Conor McGinn; Nigel Mills; Jim Shannon; Bob Stewart.

Questions 112 to 203

Witness

I: Hans Maessen, Brexit adviser at SGS Government and Institutions Services.

Examination of witness

Witness: Hans Maessen.

Q112 Chair: Mr Maessen, welcome to our proceedings. This is the Northern Ireland Affairs Select Committee. We are very interested to hear what you have to say about the technical solution that there might be to the matter that is chiefly preoccupying the Committee at the moment, which is the Northern Ireland border after Brexit. I wonder if, by way of introduction, you could say who you are, where you are coming from and give us a brief rundown on how you see us being able to deal with this border in the technical and solutions-based way that I know you have been very occupied by over the past several months. Perhaps give us an update on your thinking, which I know you have formulated in the recent past.

Hans Maessen: Thank you for inviting me. My name is Hans Maessen. I am 60 years old. I am Dutch. I have been a customs broker for 35 years, and I was the chairman of the Dutch association of customs brokers for eight years, until about three years ago. I am looking at the paper you presented in, I think, May.

Chair: March.

Hans Maessen: I read it carefully and I was surprised about what was not in there. So many things were not in there about customs practice, about systems that are available that can be used, which are on the table, which are a solution for the Northern Irish border. I was surprised about that. I hope I will be able today to tell you more about these available systems that can be used, as we speak, to reach a transparent border at the end of the transition period.

Where shall I start? Let me say that I was a customs broker in the Netherlands. The Netherlands is a trading and transport country.

Q113 Bob Stewart: Can you say what a customs broker is? What is the broker bit?

Hans Maessen: It is very interesting that you ask, because it is a crucial actor in the field of the customs industry, and it shows that a lot of information has not been taken into account in the discussion around Brexit. A customs broker is an intermediary between the importer, exporter and customs. He is the one who makes the customs declarations. He has the knowledge of the laws to be applied. He has the software that is used to communicate with customs. He is the one who can be certified by customs, who has permissions, who can facilitate importers and exporters. He is a crucial actor in any customs arrangement around the world. Importers and exporters can make declarations themselves, but they can also have a broker do that for them. It is especially important for smaller companies.



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I have been a customs broker in the Netherlands, and you are a trading nation, just as we are, but we also have a lot of logistics in the Netherlands. In Rotterdam, for example, being the biggest port in Europe, many goods come in that are trans-shipped to the UK. For example, there is a vast amount of containers coming in every day, and we would handle that from somewhere inland. Everything is virtual nowadays. I do not talk to customs officers any more; I talk to a customs computer. Everything is computerised. It is all big data. It is all risk assessment. That is the way it works. I never see goods. Goods are defined on paper. There is a transaction, and the facts about that transaction are on an invoice on papers. We translate, as a broker, the language of trade, which is on the invoice, to the language of customs.

A pair of shoes is called a pair of shoes, but in customs terms it has an HS code, a harmonised system code. The computer understands this code, and can put a risk assessment on it. A company has a name, but for customs purposes it has a number, and that number can be linked to a risk profile. If an importer has a high risk profile, customs can easily make a decision to check on his imports more frequently. That is the way it works. It is all a big data thing. It is risk assessment; it is automated; it is virtual, but it works great.

There is a two-year survey by the World Bank, the Logistic Performance Index, and this survey asks many people around the world what they think about logistics and customs of specific countries. Now, for the last 10 to 15 years, four of the five top countries were always in the European Union: the Netherlands; Germany; Sweden; the fifth country was Singapore. That shows that the European customs system is a very good one; it may be the best in the world. There are vast opportunities within that customs system to accommodate all kinds of facilities without interfering with logistics. I always approached my business, the service I had to provide, from the perspective that logistics leads customs. Customs should follow logistics. Logistics costs are always much higher than customs costs. If we make a customs declaration, that may bring me €50 or £50, but if a logistics process is held up for one hour that is already a lot more than £50. We should always facilitate trade and logistics, and serve it. We are a facilitator, a broker.

Q114 Chair: This puts you in an ideal position to opine on how we can ensure that this conundrum in relation to Northern Ireland—that is to say, the backstop and the possibility of a hard border—might be dealt with. It is that, really, that we are focused on, and we want your thoughts on.

Hans Maessen: This is what surprised me. Customs is a very modest profession. We never come to the forefront. If we do our job well, you do not know about it. You do not want to interfere logistically or want to cause trouble at the border. It is not our culture to interfere with political processes. The customs sector did not do that when Brexit came about, but we were, of course, confronted with it. In the European organisation of customs brokers, CLECAT, which represents the vast majority of our



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brokers and makes the vast majority of our customs declarations in the European Union, we were confronted with the questions that Brexit brought forward.

We had several meetings, and I attended several meetings with HMRC. I remember one meeting in Paris in spring. It was before the Chequers meeting, and there were two options on the table: the maximum facilitation and the facilitated customs arrangement. They were coming with a delegation of eight or nine people ranging from excise to IT, VAT, border technology and harbour technology, to talk to us and hear what we were saying, what we thought in our profession. They presented these two alternatives, and we tried to understand the facilitated customs arrangement, but we could not. It was just incomplete. It was out of the scope of regular worldwide customs thinking. It was something completely new. Anyway, they tried to explain that, which was fair. It is a new system; you can bring up something new. But there was also maximum facilitation, which we understood was just using existing techniques, like in a free trade agreement or something like that, and then using as much facilitation, simplification, streamlining as possible.

We were sceptical about the facilitated customs arrangement; we said that. I remember during lunch, when you have these informal discussions, the leader of the delegation said, "Yes, I agree with you". I thought, "Okay, we will go to Chequers and it will end up in the maximum facilitation", but it did not, so we were surprised. I thought, "Did I miss something? Somebody must have come up with something very smart in customs that I do not understand".

I say this now in public. I know who invented it, and I am a bit angry about that. It was McKinsey. McKinsey has no customs knowledge, but came up with this idea of the facilitated customs arrangement. I know this because I had contacts with a large Germany company, a multinational that exports a lot to the UK. One time, McKinsey called them up and said, "Could we come by? We would like to talk to you about Brexit". The customs officer there said, "Sure, let us set a date". But McKinsey said, "No, we do not want to talk to customs; we want to talk to the logistics department". I thought, "Why is that?" It is because the facilitated customs arrangement is trying to track the flow of goods. You bring in goods from Felixstowe and then you have to decide under the facilitated customs arrangement whether these goods are destined for the UK or for the European Union.

Depending on this choice of the importer, of the broker, you pay duties on behalf of the UK or the European Union, but then you have to prove that these goods actually go in the end to the European Union. If you do not do that, something went wrong. There are trade links that involve many actors. How can I be responsible, as a broker importing goods, for somebody in the third stage who does something different from what I think he would do? There is a legal vacuum. This facilitated customs arrangement is just fantasy.



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Q115 **Chair:** To be clear, this is the facilitated customs arrangement that forms the heart of the Chequers plan.

Hans Maessen: Yes, sir.

Q116 **Chair:** That presumably is being discussed this afternoon in Cabinet.

Hans Maessen: It has been rejected twice by the European Union. They say, "We are not going to do that. We are not going to let the integrity of the single market and of the customs union be interfered with in such a strange system". I remember another CLECAT meeting where we heard testimony from HMRC.

Q117 **Bob Stewart:** May I intervene? What do you mean by "facilitated". Do you mean that, in the Chequers agreement, we would take customs dues and tariffs on our borders for the European Union? Is that what you are referring to?

Hans Maessen: Yes.

Q118 **Bob Stewart:** So that is what we are talking about: the facilitated customs arrangement.

Hans Maessen: Yes.

Q119 **Bob Stewart:** That has been rejected by the European Union, quite rightly.

Hans Maessen: Yes, twice. It is very clear. Of course, we do not know what is in the Chequers paper, but the facilitated customs arrangement is dead, so something else will have to be decided on instead. That can be no deal, a customs union, or a free trade agreement, which would be the most logical thing, because Mr Barnier has offered a free trade agreement from the European Union. CLECAT has said in a paper that, looking at a facilitated customs arrangement, we as a customs industry cannot implement that. We do not know what it is. I was at a conference and for two days we tried to explain to one another how it would work. We could not. If we, as brokers, cannot explain to one another how it would work, how can I explain it to my—

Q120 **Chair:** Okay, so the position I think we are in at the moment is aiming towards a free trade agreement. Now, that would be straightforward for most countries, certainly continental Europe. The difficulty we have in the United Kingdom is the uniqueness of the Ireland-Northern Ireland border, which means that we cannot have, as is currently the case, for example, between Switzerland and France or Germany, as we saw when we went there, gantries, checkpoints and Lord knows what else on the border. We cannot have any of that, which is why we want your views on how we can do without that and yet continue to operate in the way you have just described. That is really what we are about in this session. That is why we want you to tell us whether that is possible, or whether it is not possible.



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Hans Maessen: Thank you for that twist to the discussion, because that is the core of the things we are missing in the discussion. Now, in customs, when you bring in goods, when you export and import goods, for example, from the European Union to the UK, there is a general way of approaching it, and I will be specific to the Northern Irish border. If you were to ship goods, car parts or something like that, from, say, Cologne to Coventry, you could go to the Calais-Dover border and use the customs facilities there. I have been there twice. But that is not going to work. In Calais, you have five-metre-high fences, five kilometres inland, because of the illegal immigrants, so that will be a mess, and in Dover there is no space either.

The only solution that can be reached on a transparent border procedure is to get away from the border, and that is possible. It is in the Union Customs Code; it is available. My company practises it every day with Switzerland, for example. How it works is that you make an export declaration in Cologne. You send all the data to German customs and they can see if you are eligible to export that. The Germans are very keen on strategic goods, for example, so they make a profile of your export declaration and see if you are eligible to export these goods to another country. Then these goods have become customs goods, which means they are under customs administrative surveillance.

This export declaration is then followed up by a transit declaration. That is a very important concept. It exists in the European Union. With a transit declaration, you can transport goods from one spot to another under customs control, and somebody, the company who made up this declaration, is liable. If the goods do not arrive at the point of import, customs will say, "Hey, some goods have fallen off the truck. I hold you liable for that. Pay me the money". The company that made up this transit declaration will be very keen that the procedures are followed correctly. Then you end up in Coventry and an import declaration is made. Then all the taxes are paid, all the regulatory alignment is checked, and with each declaration there is risk assessment. It is all available in the Union Customs Code, and in the software and operational system, in all member states of the European Union.

My company performed a lot of customs services for transactions from Holland to Switzerland and back. You went to Basel, I heard. Well, there is a line of trucks waiting, but there is also one line that is open, which is the transit line, because the Swiss do not want you to have to stop at the border. They ask you to use this transit procedure, because it is much easier. We would make an export declaration in the Netherlands, and the truck would leave at 10 in the evening with plants, for example, for Ikea. We have a lot of plants in the Netherlands. The truck would go through the border in Basel, and it only has to scan a barcode; that is all. I will tell you more about that later. It goes inland, to Switzerland, and there the import declaration is made at 5 o'clock in the morning, and at 6 o'clock the goods are at Ikea.



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Q121 **Chair:** To be clear, you have to slow down and have your barcode scanned.

Hans Maessen: That is a good question. What is this barcode for? This is the only action at the border. The reason is that, as I told you, the guy who made up this transit document is liable. The point is that, if the goods fall off the truck, I want to know where they fell off the truck. Was that in the European Union or was that in Switzerland? If they fell off in the European Union, in this case Germany is able to hold me liable; if they fell off after I scanned the barcode, the Swiss will come after me. The Swiss or German customs can use this bank guarantee that I gave; that is the way it works. That is the only reason for scanning this barcode. I have been in legal processes with the Swiss and the Germans. They were both coming after me and trying to get money.

But you can also prove who is eligible to get the money by using other evidence. For example, were the goods delivered? Did you have proof from the logistics company that the goods were delivered? This is not an essential thing. You can have an app that shows you where you have been. If this is the only border formality, we can handle that, because it is a really minor thing. Have I been clear so far? It is a bit technical.

Q122 **Chair:** Yes, you have. When we took evidence yesterday, it was very clear that there was not a border on the planet, which is pretty much what we said in our report earlier this year, that has an arrangement that we could translate directly to Northern Ireland. We have to have a bespoke set of systems that would achieve what we wanted, which is something that looks pretty much like it does today, but with the new customs arrangements that would presumably be in place after Brexit, to deal with all that. This is really my question to you: is such a thing possible, drawing from technologies that may be available at the moment, worldwide, that we could use to deal with this particular conundrum, or not? What that really means is no infrastructure on the border, and no slowing down of vehicles, so that people's experience of that border would be, for practical purposes, the same as their experience today.

Hans Maessen: Well, the answer is yes. You do not need a bespoke system, because it is there. Everything is there. It is in your country. It is in the UK. It is in Ireland. In all the member states, it is available. It is the transit system, and the import and export declaration systems, that every member state has. It is obligatory, because that is the way the European customs union works.

Q123 **Chair:** How would your position differ from that of Lars, whom we spoke to yesterday? I understand you listened to the evidence he gave to us.

Hans Maessen: Yes.

Chair: You are obviously familiar with his thoughts, so perhaps I can invite you to explore the differences of approach that you and he might take.



Hans Maessen: I think that will be obvious when I go along, but I will get back to that later. Let me see. When you go from Cologne to Coventry, in Dover-Calais, you only need to scan the barcode. That is very simple; you can do that on the ferry. It is fine. Let us go from Belfast to Dublin. It is the same. You load your goods in Belfast. You make an export declaration, and HMRC will make a risk assessment of the declaration in relation to the value of the goods, the weight, the kind of goods, who you are, where you are going to. All these things can be risk assessed. They can come to your premises, because you can declare these goods at the premises of the shipper, the exporter, or his logistics service provider. Customs can come there to do the checks. It is not that you go to customs; no, customs comes to you. You need a mobile customs organisation with cars driving around, going to locations where goods have to be inspected, and the computer decides what is going to be inspected, because there is a risk assessment.

Then this transit document is made by a broker, because he has this bank guarantee, and he knows how it works, where the problems can be, what administrative obligations one has. This document says, "We are going from Belfast to Dublin", and I have to be in Dublin the next day. I have 24 hours to get there; otherwise I am trespassing or breaching this procedure. Customs can see exactly where you are going administratively. If you go in the morning or the evening, that does not matter; which border you cross does not matter; you can go anywhere, as long as you reach Dublin the next day. Then you make an import declaration which ends the transit declaration, so I am freed of my obligation, of my liability, when the import declaration is made by a broker in Dublin. There it is assessed again by a customs computer what taxes are to be paid, what regulatory alignment has to be met, whatever; there is a risk assessment. Three times you are talking to a computer, but that is the way it works. You can use any border, and there is nobody there to check you, because it is all administratively registered. That is it. That is the beauty of the system—it is there.

That is it. If I may summarise, Mr Karlsson talks about technology; I am talking about customs technique. He talks about cameras, combining databases, authorised economic operators and so on. I do not believe in that, in the sense that AEO is a much too heavy certification. My company is AEO certified, but a lot of my clients ask me, "Should I certify?" I say, "Do not do it", because it is a tough certification and the benefits are very small. Let me be the certified company and help you to fulfil all your administrative obligations.

Chair: There were lots of extremely important ideas in that; it was fizzing with ideas. We are going to explore those, and the first explorer is Gregory Campbell.

Q124 **Mr Campbell:** You are very welcome. If I could take you back a little bit in time, when the UK and the EU began and were going through the process of the negotiations over the past two years, the perennial issue



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almost every week was this concept of a hard border. In the last six to eight months, it has become in effect the bugbear, the massive impediment to reaching agreement. Have you ever been to the Northern Ireland border?

Hans Maessen: No, but I have been to Dover-Calais and many other borders, so I can imagine it. There is nothing to see, I heard.

Jim Shannon: That is the point.

Q125 **Mr Campbell:** Yes. Would you be familiar, then, with the fact that there are approximately 300 crossing points in the 300 miles of border?

Hans Maessen: That is why I say you can cross any border, as long as you leave here and get there within a day.

Q126 **Mr Campbell:** This is the point I wanted to bring to your attention and ask your opinion on. Obviously people have used this concept of the possibility of a hard border to extract concessions. That is what people do in negotiation, but you seem to be saying that the concept of structures and physical infrastructure is unnecessary.

Hans Maessen: Yes.

Q127 **Mr Campbell:** Why would that have been necessary, for example, in the Swiss instance?

Hans Maessen: Well, for example, the Netherlands does not have a customs office any more; it is all virtual. Customs comes to you. The Swiss have a hybrid system. You can go to a border, because they have their border checkpoints as a historical development, but they support you if you go inland and make the declaration somewhere away from the border, to not get any congestion at the ports or at the border crossings, like in Basel. They come from an old situation, and there are still traders who hire an eastern European trucker and say, "Bring it to Switzerland; take care that the goods are cleared at the border". It can be done there; everything can be done there, and they go and stand in line, but we have to take care that these plants are at Ikea at 6 o'clock in the morning, so we use the fastest and most reliable procedure, which is available, and which is easy and cheap. That is the industry. That is the service the customs brokers offer. They look for the best way; they help you to find the best way; they facilitate bank guarantees, IT systems. There is no border infrastructure necessary on the Northern Ireland border.

Q128 **Mr Campbell:** In your experience in the Netherlands, for example, how much importation of goods is intra-EU and external from outside the EU into the Netherlands, approximately?

Hans Maessen: I do not know exactly.

Mr Campbell: What is it roughly?

Hans Maessen: I know in the UK it is 50%. We have a higher percentage intra-EU, but being the gateway to Europe we import a lot.



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We are one of the biggest German harbours, in Rotterdam, for many goods.

Q129 **Mr Campbell:** You would not have land border access external to the EU.

Hans Maessen: No.

Q130 **Mr Campbell:** That is where the problem emerges in Northern Ireland.

Hans Maessen: It is a fictitious problem.

Q131 **Mr Campbell:** I am glad to hear you saying that.

Hans Maessen: That is what surprises me. This has never been considered; it just has not been on the table, because we as a sector have been too modest, and we have not been asked.

Mr Campbell: Well, some of us have repeatedly said that this is a mythical threat of a hard border, because it is impossible. It could not be implemented. Even if it were, it could be circumvented by 200 crossing points, if anyone wanted to. You are saying there is no need for it to be there.

Hans Maessen: Right. If you have 200 crossing points you cannot put 200 cameras on each. Technology does not work here. Customs follows logistics. You cannot ask somebody in the north-west of Northern Ireland to go to a border crossing 100 kilometres further on and then go back just to cross the border, because that does not work. It is not necessary.

Q132 **Kate Hoey:** Thank you and welcome. Even Michel Barnier recently has started to change his language on the border. He said at the end of September, "We need to de-dramatise the checks that are needed and that are caused by the UK's decision to leave the EU, its single market and customs union". "De-dramatise" sounds like he almost feels that the whole border issue has been exaggerated for other reasons. Do you think there is some truth in that?

Hans Maessen: Well, it is a bit of a political statement on this, but I think the standpoint of the European Union to ask for some checks in the Irish Sea has not been very helpful, because politically that can never be accepted by the UK. There are some checks at the Irish border. There is a bio-sanitary zone. I did not hear that word yesterday. I did not read it in your paper. That is something interesting, looking at the veterinary goods, which is crucial. There is a veterinary zone to prevent animal illnesses on the island of Ireland, so there is already something. If we know that, we can look at what is further needed when we trade animals across the border in Northern Ireland.

I told you about the transit system. That is one system, but there is another system called TRACES. I have not heard about that either in this setting. TRACES is there to track agricultural goods; for example, if you buy biological vegetables, you want to be sure these are biological when they come from Romania or outside the EU, because they are easy to



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change around to pack them in a biological way. You think it is biological, but it is not. TRACES is available within the European Union, and any trader can register there; of course, you have to meet certain standards. If you produce biological goods, you can have a test or a certification of these goods. You bring them into the system and then you can sell them to somebody else who is eligible to access the TRACES system and is also a trader in biological goods. This system keeps track of this trade, and it goes all through Europe. It is similar to transit. You follow the way the goods are traded.

Interestingly, there is a report about the amount of livestock that is traded between the UK and the EU. I have seen two analyses. They said there were 400,000 sheep, or something, going back and forth between the UK and the European Union. One statistic said it was UK-EU trade, and the other said it was Northern Irish-Irish trade, so I do not know. The beauty is that these numbers come from TRACES. In 2017, there were two goats traded between the UK and Ireland—two—so that tells me that is not a big number, and it tells me this system is very detailed. We can keep track of goods, veterinary goods, in detail.

If you import biological goods from outside the EU, you can have a non-European certification that you are producing biological goods. That could be the same when the UK has left the European Union: you could still be part of this TRACES system, which is available. You could say, "Okay, if I trade sheep from Northern Ireland to Ireland, I can have them certified by a veterinarian in Northern Ireland. I bring them into the TRACES system. I sell them to a certified company in Ireland, and I register that in the TRACES system", because that is how you get to the statistics. It is all there.

Q133 Kate Hoey: A lot of trade goes backwards and forwards to the Republic of Ireland, over the border one way and then back again, for all sorts of reasons. Presumably you would say there is absolutely no problem with that, because they could be part of a trusted trader scheme or something automatic. They would not have to stop. The people taking their milk over to the Republic would not have to stop in any way, you would say.

Hans Maessen: If there is one sector that is very regulated, it is the agricultural sector, and for good reason. If you want to track the origin or who has traded in goods, you can see that. It is registered in the administration of any milk industry, slaughterhouse or whatever. There are a lot of points to attach for customs purposes to these systems, which are available. You test this livestock when you export it, and you can test this livestock when it is at the premises of the importer, if you want to. You can also have mutual recognition, so the Irish recognise the vet from Northern Ireland. You can make a deal about that, can you not? You put them in TRACES and you can follow it, and nobody has to stop at the border. You can go back and forth, but you have to follow it administratively, and these systems are there.

Q134 Kate Hoey: It needs genuine co-operation between the two sides of the



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border to make it work.

Hans Maessen: Well, the UK has already applied for the transit system, because it is crucial. You can also apply for TRACES.

Q135 **Kate Hoey:** People who make quite a big thing about the border will say, "Well, that is all very well, but you do not know the history of the Irish Troubles", warning, almost, that we should be worrying about dissidents doing all sorts of things if there is any change whatsoever. It is almost as if the dissidents decide our policy on the European Union. Do you think we can dismiss most of that, because you are seeing it from a technological point of view?

Hans Maessen: Technical, but yes. There is already a border.

Q136 **Kate Hoey:** Lots of smuggling goes on already.

Hans Maessen: Let us get back to that later. Let me first emphasise the point that has not been talked about: VAT, value-added tax. If you export goods, you do not have to charge VAT. That is an incentive to say, "I am going to make an export declaration". If I cannot prove that I made an export declaration, HMRC will say, "Hey, you have to pay me VAT, because you cannot prove that you exported it". There is an incentive to make this export declaration. If you do not do that, it will cost you 20% VAT, in the UK. There is an incentive to follow this procedure as I described it.

At this moment, if you trade between member states, you have to report your VAT transaction, so that is another border that is in place. You extract these data from your administration. Many small and medium-sized enterprises, and certainly big enterprises, have all this in their systems. You only have to extract them in a different way to make an export declaration, an import declaration, or whatever declaration is necessary, but it is all in the administration. A vast number of IT systems, software systems, are available on the market to help you extract these data and make these declarations yourself. If you only have one exportation a month, you go to a broker and say, "Please help me do that", because it is not worth investing in software.

VAT is a very important help to have a natural enforcement of applying this customs system, because you need an export declaration; otherwise you will get charged 20% VAT by the UK Government or Irish Government. There is a natural incentive to do this.

Q137 **Kate Hoey:** You obviously have a long experience and are very expert. We can tell just from talking for a few moments that you are very expert in all this. Have you been asked to meet any Government Ministers to talk about this from the Brexit Department, or any civil servants?

Hans Maessen: I met HMRC three times. I talked to the Barnier team. The customs person on that Barnier team is Dutch and I know her very well. I had presentations from HMRC and the European Commission in



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CLECAT, the European organisation of customs brokers, when we were evaluating the proposals that were on the table. HMRC never discussed anything. They came there to sell Chequers, twice. They came just to talk about this facilitated customs arrangement, how beautiful it was. We would show our scepticism and we would say, "Well, there are alternatives". "Oh, really? We are not interested".

Q138 **Kate Hoey:** Yes, because they had been asked to do that specifically.

Hans Maessen: They were selling the facilitated customs arrangement. It was not very helpful.

Q139 **Kate Hoey:** Have you ever been asked to go on any of these big programmes, like BBC "Newsnight", when they bring in, supposedly, all the experts? Have you ever been asked to go on and talk about some of these issues?

Hans Maessen: No. I gave some presentations for customs professionals, but customs is not sexy; nobody is really interested in customs. I have a hard time explaining everything to you; a journalist is bored after five minutes. It is very hard to explain. It is a bit technical, but it is essential.

Q140 **Kate Hoey:** People are watching, so perhaps today you might get a call, because they seem to produce experts that are not particularly expert.

Hans Maessen: You mentioned Barnier. I also visited the Barnier team, and the Barnier team gave a presentation to CLECAT. They made big concessions. For example, they offered the REX system. Have you ever heard of REX, registered exporter? How do you declare the origin of the goods? There has always been a big issue about that. In the last two years, a new global system is being introduced called REX, registered exporter. It is a pretty simple system. You are the frontrunner of that. You have the most registrations for REX in the European Union. The UK has the most registrations for REX in the European Union. You do not know about it, but that is the case.

How does it work? It is very simple. You register as an exporter. You say, "I am going to export lawnmowers". You sign up on the database and that is it. Then, if you make an invoice to the European Union, you can state on it, "These goods are of UK origin", and that is it. You do not have to go to the chamber of commerce or customs. That is the statement that these goods are of European origin. When I am a broker in Rotterdam and I am importing these goods into the European Union, I trust you and that your statement is correct. That is the way it works. You do not need certificates of origin any more.

Why did they abolish that? There was a lot of cheating. Governments did not trust one another, so they said, "Businesses will trust one another, because they deal with one another". I know where I am buying these lawnmowers from in the UK, and I trust them and I trust his REX statement. This REX statement, if it is a free trade agreement, is money,



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because if these goods are of USA origin I pay duty, but if they are stated as being of UK origin I do not pay duty. It is printing money on your invoice, more or less, but it is there. All this fuss about the certificates of origin is not worth it. The EU offered that to the UK.

Q141 Chair: This was as part of the Donald Tusk-authored free trade agreement. I am reluctant to go into what is now history, but that was an early offer, was it not, from somebody at the heart of the European Union to the UK, which appeared not to have been exploited, about two years ago?

Hans Maessen: There has even been an offer from the Barnier team to keep Northern Ireland in the VAT information exchange system, which is really remarkable, but that has not been considered. These things have not been considered by HMRC simply because they do not fit in. They are not necessarily in the facilitated customs arrangement. In their thought, "We are not interested".

Chair: I think we need to focus on the here and now, and with that in mind I am going to hand over to Maria.

Q142 Maria Caulfield: In terms of what we know from the Chequers deal, a backstop has been put forward as a mechanism to ensure that the integrity of the single market and the customs union is there, and if we stray from it the backstop kicks in. With the measures that you are suggesting, would a backstop actually be needed? Is there any risk at all to the integrity of the customs union and single market from the measures you are suggesting, with the added incentive that you can keep the border as it is today between Northern Ireland and the Republic of Ireland? Is there a reason that we need a backstop if these measures are in place?

Hans Maessen: To give a very clear answer, no. There is no need for a backstop. You can organise this system within the transition period, and it is all working fine. It is there. It is all in the Union Customs Code. There is no cherry picking. You do not need new systems or new laws. It is in your law. It is in the law of the EU. What is needed is for you to change the way HMRC operates. As I said, you do not go to customs; customs comes to you. There is a challenge for the brokerage industry, the customs industry, to service these new requirements, but it is all available. You get a new customs declaration system, CDS, which is crucial. CDS is a copy of the Dutch AGS system. Dutch customs tested AGS with my company, so I know how it works. It has vast capabilities for steering, analysing and managing customs declarations on a vast scale. It is all available. You do not need a backstop, because you can have this transparent border within two years. I see no problem in that.

Q143 Maria Caulfield: We heard from Lars yesterday that his suggestions could be implemented within two years, so what would be the timescale? When we leave in March next year, what is the timescale within that transition period for this to be up and running on a reliable basis?



Hans Maessen: The customs industry and the import-export industry need a clear, defined system that they can implement. If we know there will be a transit system with import and export declarations, and no hard infrastructure at the border, we know what services to develop. Then we go to HMRC and say, "We need these permissions to operate". Also, HMRC may have to make this available, if you understand what I mean. For example, how high should the guarantees be? Can I bring goods under a customs declaration at any premises? What requirements have to be met? I need to know the software. The new CDS system has to be operational so I can communicate with it. There is a lot of detail in that; there are very many details that can go wrong. We just need to know what you want, and then we will deliver, but it is going to be a big challenge, and there will be some formalities that are all away from the border.

Q144 **Maria Caulfield:** For businesses in Northern Ireland, the practical arrangements are quite important. If they were to take on the services of a customs broker, my understanding is that the customs broker would do all the arrangements in terms of registering goods, and they would also take on the liability if there was a problem, if the goods did not get to Dublin within the 24 hours, if the declaration was done wrong. Can you just explain for businesses how they would go about securing a customs broker's services, the liability that would be taken away from them, and then how much, for an average business, that would add to the cost of their business?

Hans Maessen: Cost is an important issue. It depends on the volume, of course, that a company has. The standard transaction would be €25 for an export declaration, €25 for a transit declaration, and €50 for an import declaration. The total is €100 or £100, something like that. You have the whole transaction. If you have a one-off, so you have only one shipment per year or something, it may be more expensive, because you have to look at it more and scrutinise it more, but if you come every week the price may go down. If you come every day, we can automate it. If you come three times a day, you will do it yourself, because you do not need a broker any more and it is too expensive. That is the way it works.

These large milk shipments that go every day have to be fully automated. We cannot add value there. Because the companies are so professional and they have such good administration, we cannot add any value there. For the small and medium-sized enterprises, we can really be of big help. They do not need to be certified. Basically, they send us the invoice, we need some additional transportation data, and on the basis of that we can make a declaration. Many times, the declaration is also ordered by the transportation company. Importers and exporters do not have trucks any more; it is always a logistics service provider that has the truck. If they are asked to bring goods from Belfast to Dublin, the trucking company will say, "I have a fixed deal with a broker, because I come there three times a day. You only come there once a week, but I come there three times a day, so the price is lower". We make a deal with such a



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transportation company. That is the way the market works in all of Europe, everywhere, the same as in the UK. That is the way it works.

Chair: I am going to pass over to Lady Hermon, who I suspect will be particularly interested in the smaller operators along the border.

Q145 **Lady Hermon:** Thank you, Chairman; it is awfully nice of you to prompt me. I have a few questions of my own before we get to that. In your opening remarks, you said you were very surprised at certain omissions from the report by the Northern Ireland Affairs Select Committee. I was rather surprised by the comment, because we always call for written evidence whenever we are doing an inquiry. Since you feel so strongly about this, and you have all this information and expertise at your fingertips, did it not cross your mind to make a submission to the Committee?

Hans Maessen: I did. That is the text that you noticed in the end, but I was triggered to get involved by the lack of customs knowledge in the Brexit discussion. There should be a UK broker sitting here telling you this, but the point is that, in the UK, you are an island and most of your customs operations are at Heathrow and Felixstowe. In Dover, there are hardly any. It is all EU-UK trade. Most brokers in the UK are connected to a transportation company, a logistics service provider, so their prime activity is not brokerage. If they have £100,000 profit, they buy a truck; they do not hire another declarant or something. They are not focused on this. From your island perspective, you are not so acquainted with all these techniques that are available, because you have everything at the harbour. You do not need any inland thing, because it is easy to check at the harbour; all the goods come by there. You say goods come to customs; customs does not have to go to the goods. That is a logical explanation why there has been no interference by the customs industry in the discussion.

Q146 **Lady Hermon:** Could you say a little more about your company? You have mentioned your company several times. What does your company do?

Hans Maessen: Well, we are a customs broker. We make a couple of hundred thousand declarations each year for a vast number of companies, international companies from all over the world. We make declarations in Rotterdam, in Antwerp. We also have developed our own software, and we think we should automate as much as possible, because many transactions are repetitive. It is the same milk going back and forth every day, so we want to be a total facilitator for customs obligations.

Q147 **Lady Hermon:** While you have had meetings with HMRC, you have confirmed that you have not actually had any meetings with Ministers in the British Government.

Hans Maessen: Indeed.

Q148 **Lady Hermon:** Why do you think that is, since you have made it quite



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clear that there is no need for a backstop? That is a very striking claim to have made this morning. Why do you think the British Government have not sought a bit more information about your claim?

Hans Maessen: As I said, the wrong decision was made to follow the facilitated customs arrangement. After that, all interest in customs was gone, because there would be no customs formalities. HMRC was not interested in customs any more after Chequers. I talked to customs; I proposed, "Let us talk about it". They denied that, because they were not allowed to do so. There was a political instruction, I think.

Q149 **Lady Hermon:** You think, but you do not have any evidence of it.

Hans Maessen: Well, you can smell it.

Q150 **Lady Hermon:** You can smell it.

Hans Maessen: You can smell that they were not allowed to do that.

Q151 **Lady Hermon:** That is a dreadful thing to say. That is a very, very unusual claim to make. I do not think it is particularly nice.

Hans Maessen: These were people from HMRC. They are professionals.

Q152 **Lady Hermon:** Well, let us then focus on the border on the island of Ireland, which you have not visited, yes? You have not been there.

Hans Maessen: Yes, indeed, I have not visited it.

Q153 **Lady Hermon:** Well, if you had visited—having studied the border on the island of Ireland, you will be familiar with this—you would have seen that there are well over 300 farms that straddle the border. We have cattle; we have animals on those borders. How would your smart technology or techniques deal with the issue of cattle moving from an EU country, the Republic of Ireland, across fields, into a farmyard in Northern Ireland, part of the United Kingdom, which will be out of the European Union? How does your smart technique deal with that?

Hans Maessen: It treats it as a standard transaction.

Q154 **Lady Hermon:** There would have to be a barcode.

Hans Maessen: If you sell goods from one side of the border to a territory on the other, you have to fulfil a customs obligation, but that can be done from any office anywhere, digitally, virtually. You need to fulfil these obligations, because if you sell a sheep it has to be checked by a veterinarian before you trade it in TRACES. These obligations are there now as well.

Q155 **Lady Hermon:** Yes, but I am actually not talking about selling. I am talking about animals being moved by a farmer from an EU member state on a farm that straddles the border. He walks with his cows, his cattle, his sheep, or she walks with her cows and sheep and dog, across the border into the farmyard. How does your technique deal with that issue?



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Hans Maessen: I guess at night they come back to the stable and that is their home country. I mean, I have no solution. They have to be sold; that is crucial. There is no trade involved in this.

Q156 **Lady Hermon:** Sorry, with the greatest respect, Brexit means taking back control of your borders. That means taking back control of the border around Northern Ireland, between Northern Ireland and the Republic of Ireland. The Republic of Ireland remains within the EU. Northern Ireland as part of the United Kingdom will be leaving. How does the British Government take control of the south Northern Ireland border in terms of the free movement of goods? The other issue, of course, is the free movement of people. How would your technique deal with the free movement of people? How would the British Government endeavour to take back control?

Hans Maessen: Well, there is a common travel area, and customs basically does not deal with people, it is about goods. There is no issue there from my perspective. The common travel area is a small Schengen, from my perspective. You go back and forth; you do not have to show anything. You are eligible to do that. I am here for customs for goods.

Q157 **Lady Hermon:** Right, so your solution is very, very limited. It only deals with the movement of goods and customs.

Hans Maessen: There is no issue with people.

Q158 **Lady Hermon:** I have to say I do differ with that, because the common travel area, as you well know, only applies to those who are British citizens and Irish citizens. It does not apply to any other EU nationalities. How would we tell the nationality of people coming into Northern Ireland: Irish, British, French, German?

Hans Maessen: If I were to cross the Northern Ireland border, I would not be checked there, because I am eligible. If I enter the UK, I am also eligible to go into Ireland without further checks. It is the same when I go from Holland to Germany. I do not have to show my passport.

Q159 **Lady Hermon:** How do you think the British Government will take back control of the border?

Hans Maessen: They will co-operate with Ireland on a common area where they control the presence of people.

Chair: We have invited you because you are a customs expert. It would probably be unfair to pursue this.

Lady Hermon: I think the point, Mr Chairman, is that in fact the solution that was being proposed deals with documentation and customs duties. It does not deal with the other issues.

Kate Hoey: Of course it is not a problem. They come at the moment from China into the Republic and then up to Northern Ireland.



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Q160 **Lady Hermon:** Thank you, Kate. I wonder if I could just continue. It was an issue that Kate mentioned, and you said you would come back to it. I wonder if you could come back to it now. It is the very serious issue of smuggling. The expert witnesses we have heard from made it quite clear to us that there is the risk, when the UK leaves the EU, of an increase of smuggling, not only by dissident republicans but by organised criminal gangs. The evidence was given to us by the Chief Constable and an Assistant Chief Constable of the Police Service of Northern Ireland. How would your technique deal with smuggling and the possibility of an increase in smuggling?

Hans Maessen: Let us talk about the increase in smuggling, because I cannot handle the present smuggling of diesel, cigarettes and so on. People can buy things on the other side of the border and bring them home, although it is a bit illegal. For example, suppose there is not going to be a free trade agreement and the European Union makes an anti-dumping duty on electronic bikes. They have done that, because the Chinese are dumping electronic bikes on the European market and the European producers of electronic bikes are hurt. Then you can issue an anti-dumping duty, which can be 30%, 40% or something, so it is relevant. These are goods that could be smuggled.

The Irish border is at the fringe of the European Union, so you would have to bring a container with electronic bikes into the UK after Brexit. You make a regular import declaration because you still have to declare, but you do not pay any anti-dumping duty, because the UK does not have these anti-dumping duties since it does not make any electronic bikes. It does not want that. It wants to have these cheap electronic bikes from China. That is why it wants to get out of the European Union. This container would have to go across the Irish Sea to Northern Ireland. Then this container would have to be shipped to Ireland, but then the company that imported it will lose its 20% VAT because they cannot show an export declaration. There is a threshold of 20%. At more than 20%, they will lose that, because in their administration they cannot show an export declaration, because if an export declaration is made an import declaration has to be made automatically. That is the way the system works, which I explained. They would have to go through the cost of transporting these goods across the border, bringing them into Ireland, from Ireland to Germany, and then they are on the market.

Q161 **Lady Hermon:** Could I just intervene? In fact, in your earlier evidence you said that they would have to scan a barcode, and you described it as a really minor thing, to read a barcode.

Hans Maessen: Yes.

Q162 **Lady Hermon:** Where is this barcode? We are dealing with this truck with all these bikes.

Hans Maessen: They are not making an export declaration, so they are not involved in any formalities or scanning at the border. That is the point. There is an English company importing these goods, without duty,



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because there is no duty on electronic bikes in the UK, but they want to put them on the market in the European Union and smuggle it over the Northern Irish border. They have to go through this logistic U-turn. That is one thing, and they cannot claim back the VAT of 20% because they cannot show an export declaration.

Q163 **Lady Hermon:** I do not think these individuals are registered for VAT.

Hans Maessen: They are, because they have brought this container with electronic bikes into Felixstowe. You cannot bring in a container and smuggle it. I am talking about goods that are really interesting to smuggle, really interesting, 30% to 40%. You can sell electronic bikes on the black market, but there are a lot of thresholds on that. That is the interesting thing in a trade agreement.

Q164 **Lady Hermon:** That is how you would deal with smuggling.

Hans Maessen: You can have a lot of data. Of course, the UK sees a container with electronic bikes coming in. Intelligence can say, "Let us have a look at the administration of this company. Is that a trustworthy company?" You can have checks after the customs declaration. At any time, customs can go anywhere and check any administration. They are allowed to do that.

Q165 **Lady Hermon:** Fine. If we could just come back to the reading of the barcode, where will the barcodes be read? I think you said it is a really minor thing to read the barcodes as they cross the border.

Hans Maessen: In the case of Northern Ireland, you can have additional proof instead of the barcode, for example proof of delivery by a logistics service provider that the goods have been delivered. Conspiracy is a high threshold to fraud. If you want to smuggle goods from an exporter to an importer, most of the time you need a third party to bring these goods over there. The third party has to be involved. That is a high fraud threshold. If you can have legitimate proof that the goods have been brought there, you do not really need this barcode. There will be some issues to negotiate with the European Union, yes, but this is not a major issue that should stop a transparent Irish border.

Q166 **Lady Hermon:** Could I just ask if you have any detailed knowledge at all, in light of the evidence you have just given, of the subject matter and the extent of smuggling at the present time along the Irish border? Do you have any detailed knowledge?

Hans Maessen: I have been told about that. With any system you put in place, even if it is a physical border, there will be smuggling, the same smuggling going on. You can have a border squad, co-operating between the Northern Irish authorities and the Irish authorities about what is going on. You have intelligence from the customs declarations that are being made. You know that you should watch electronic bikes or solar panels, where there can be fraud.



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Q167 **Lady Hermon:** Are you proposing that members of the Police Service of Northern Ireland and HMRC should be positioned along the border?

Hans Maessen: No. It is a cyber squad. You can base your intelligence on big data, on data that are available. That is the way crime fighters work nowadays. You do not go to the border and pull the truck. That is not the way it works, and that was confirmed yesterday by Mr Karlsson.

Q168 **Nigel Mills:** That is very helpful, Mr Maessen. I have asked all manner of witnesses to give me some examples of goods that could be smuggled after we leave that are not already. It has been very hard for them to give me anything, so we finally have electronic bikes. That could possibly be an issue to look out for. As you maybe saw yesterday, I am trying to work out what problems we are trying to fix and then work out what solutions we have. I think the first problem the Government were trying to fix was they did not want any declarations to have to be made for customs, because they thought the cost of that was going to be too damaging. If I am hearing you right, if we are not in a customs union there has to be some compliance. You have to make the declarations. Even if there is zero duty to pay, you still have to make the declarations. That is right, is it not?

Hans Maessen: Yes.

Q169 **Nigel Mills:** Have you seen anywhere an exemption for small and medium-sized companies just to say, "You are so small we do not even need you to make the declaration"?

Hans Maessen: Within the law, there is a threshold of £85,000. If you have a turnover below that threshold, you are not obliged to apply the VAT law, which means you cannot deduct VAT either. £85,000 is not much. You cannot make a living on that when you have a turnover of £85,000, so it is a really small, minor business. If you are a Northern Irish small business below this threshold and you buy goods in the Republic of Ireland, you would pay the Irish VAT and take it into your costs, just as you take UK VAT into your costs. If you go above that, you have to fulfil the normal customs obligations, which also makes it possible to deduct the VAT over the imports that you made from the Irish Republic. This threshold is there.

Q170 **Nigel Mills:** One of the Government's original proposals for the Irish border was to exempt every small and medium-sized business from customs formalities. You are not aware of any precedent elsewhere in the EU, or maybe even internationally, where you just exempt small and medium-sized businesses.

Hans Maessen: This is the exemption. It is in the European customs code.

Q171 **Nigel Mills:** This is a VAT exemption, is it not? Do you think the EU would accept a Northern Irish small business selling goods to the Republic and not making a customs declaration?



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Hans Maessen: Basically, yes. That is being done, but of course then the buyer does not have the right to deduct VAT or anything like that.

Q172 **Nigel Mills:** They have not been charged any VAT, have they?

Hans Maessen: He does not pay UK VAT then. He pays Irish VAT.

Q173 **Nigel Mills:** You think there might be some scope for this, because it was pretty routinely dismissed as unachievable, was it not? Just to go back to the smuggling question, does a lot of this rely on trust between the two tax authorities, or between the EU and the UK, that we would identify that there is a strangely high number of electronic bikes turning up in the Northern Irish harbours, and it is probably a few more than the Northern Irish market could possibly sustain, and suspect they are not really intended for the UK? Is that the level of intelligence sharing that you would have to have?

Hans Maessen: You need to do that, to work together on the basis of intelligence and try to fight crime together. This is a criminal act and should be handled as a criminal act on the basis of information that is available, through customs and so on. That is what I can say. If you expect an increase in smuggling, be prepared for it and try to organise—I do not know—a security-based unit to analyse it and fight it. That is additional. That is additional to the formalities that have to be fulfilled. That is the way to fight crime and smuggling. That is the way it is done in Felixstowe as well. If they have a ship from Colombia, there is a different profile on it from a ship from the USA. I can guarantee you that.

Q174 **Nigel Mills:** Does the EU already share that intelligence and data with other neighbouring customs authorities, so they would know if the Swiss were suddenly importing a whole load of electric bikes with no dumping duty and there were far too many going into the Swiss market for the Swiss market? They would share that data now, would they, and say, "These must be coming over to the EU somewhere"?

Hans Maessen: You can make a deal on that to exchange this information. That is what you make a treaty for. A free trade agreement, a co-operation agreement, has agreements on security, on people, on these issues.

Q175 **Nigel Mills:** On a different topic, say I want to move milk across the border every day. Can I do that on my phone? Can I just say, "I know what my funny code is for milk; I know there is no tariff on it because I have a free trade deal"? Can I just go on my phone and say, "I am sending X litres of milk again to them and coming back tomorrow with whatever the processed milk is"?

Hans Maessen: In general, this is done through an administration. You make an invoice. Without an invoice, you cannot trade, so there is an administration making these invoices. If you can generate an invoice from the computer, you can generate an export declaration that is real time, online communicated to customs.



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Q176 **Nigel Mills:** Is it as easy as plugging in "1,000 litres"?

Hans Maessen: It is repetitive. It is easy, yes. Cows give milk every day, so you will probably have a shipment every day. You can fully automate that, if you would like to, not on your phone but in the administration of a company.

Q177 **Nigel Mills:** I am invoicing the processor for the milk, which I have to do every day. Presumably I have to do the VAT, Intrastat and all that other stuff I do not fully understand. I already have to comply with all that. How much extra time would it take to do the customs bit? Is that a few keyboard clicks and it takes a minute, or is it a 15-page form where I have to go and click lots of boxes?

Hans Maessen: If I may say, my practice is that, if it is fully automated and you send the message to the customs computer, you get an answer within a minute. The answer can be that you can go and deliver the goods, that you have to wait because somebody is coming to inspect the goods, or that you have to send them further information so they can see if the invoice is translated in the correct way to the customs declaration.

Q178 **Nigel Mills:** How long does it take me to make the declaration? Is that a few seconds or is it half an hour?

Hans Maessen: In the computer, of course, it is very fast. If you hired a customs broker and you had, say, a shipment every week, this customs broker would make a copy of the shipment of last week, or you would have a form, only changing the date, the weight, the value, because many aspects are the same. You can programme that. A declarant can make that in 10 minutes. Of course, you have an order to sell goods, so you prepare an invoice; you always need that before you ship it. Then you email that to a broker somewhere in Dublin or Belfast and he processes that declaration. That declaration should be filed to customs the moment the goods are available for possible inspection but, as I said, the answer from customs comes very fast.

Q179 **Nigel Mills:** Is it possible to make only one declaration? Could you have a system where we just trust each other so much that I can make an export and an import declaration, and say, "I am moving this milk from Belfast to Dublin", and only have to do it once, or do you always have to do an out and an in?

Hans Maessen: That is the challenge for the brokerage industry, to make this complete transaction as efficient and cheap as possible. That is where there is competition, and of course the clients ask that as well. They say, "Listen, make it as easy as possible. I give you an order every day to do that, so make it cheap".

Q180 **Nigel Mills:** Is it possible for both the tax authorities to accept it, or to have a joint system or something, so I only have to go on this system once and say, "I am moving 1,000 litres of milk"?



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Hans Maessen: No. The point is that there is a Northern Irish system, an Irish system and the transit system is the link. Transit is a European system. It is owned by Brussels. It is not owned by any member state. It is a facilitation by Brussels, but, for example, Norway is also a member of transit. Turkey is a member of transit. The Swiss are and the UK will be as well. You have applied for it. I do not see any reason why you would not be accepted.

Q181 **Nigel Mills:** As a final point, I go back to the facilitated customs arrangement that you do not seem to be a big supporter of. What intrigues me is this. There are two scenarios. In one, I bring goods into Felixstowe, as you would say, or I bring them into Northern Ireland, and I think I am using all these in Northern Ireland, so I pay the UK duty, not the EU duty. What happens if I change my mind for a good commercial reason, I run out of stock in the Republic of Ireland and I have some spare in Belfast, and I just want to move them? I assume I have to do some compliance at that point, do I not?

Hans Maessen: Do you mean under the facilitated customs arrangement?

Q182 **Nigel Mills:** Yes. I would have to tell the EU, "These 15 electronic bikes that I thought I was using in Northern Ireland, I now want to have in the Republic". I could not just move them, could I?

Hans Maessen: No. You would have to apply for a refund of duty or an additional payment of duty. You are an honest person, but you may have sold these bikes to somebody, and he sold them to somebody, and he makes the decision to go to another direction. How can I, or you, as the prime importer, be held liable for that? There is no legal basis for that. It does not work.

Q183 **Nigel Mills:** Even if I am a good, honest commercial guy, and I want to make this declaration, there would have to be a system, would there not? I would have to have a way of going back and changing my customs declaration.

Hans Maessen: That system would have to be developed, put into place, automated and used. It was estimated by CLECAT that, if anything like that had to be made available, it would take at least five years.

Q184 **Nigel Mills:** I am right, am I not, that there are some goods that change their customs nature upwards as well as downwards? If I am bringing in unprocessed coffee, rice or something, there is perhaps zero duty. Then if I want to sell some processed rice or some processed coffee to the Republic, there is actually a duty on those, is there not? I think rice is 13% or something in that situation. Again, I would have to have a way of going to the EU and saying, "I am bringing in processed rice now". The EU has a common external tariff on that of 13%. Again, there would have to be a system, even under the facilitated customs arrangement, where I could go and pay that duty, would there not? That presumably would not be covered by the free trade deal.



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Hans Maessen: No. A facilitated customs arrangement is not a free trade agreement. It is very different. I cannot answer your question because I do not know how that system would work. It has not been described.

Q185 **Nigel Mills:** I was just coming back to it. I think the problem they were trying to fix is how to move goods between the UK and the EU with no compliance.

Hans Maessen: Yes.

Q186 **Nigel Mills:** I am just asking you if, in these scenarios, there would have to be some compliance.

Hans Maessen: That is an important issue. Are you talking about regulatory alignment and things like that?

Q187 **Nigel Mills:** Unless you are in the customs union, there are always going to be some scenarios where you have to do some compliance. You have to fill in some declaration.

Hans Maessen: Yes.

Q188 **Nigel Mills:** Even the facilitated customs arrangement, if you could make it work, will never get you to zero compliance.

Hans Maessen: No.

Q189 **Nigel Mills:** There are always going to be scenarios where you have to declare something and pay something, or demonstrate you do not need to pay it. It is not achievable to get to zero compliance.

Hans Maessen: Yes. I cannot answer your question exactly because it is not known and it has been declined by the European Union twice. What can I say?

Q190 **Nigel Mills:** Say, heaven forbid, the Prime Minister's deal does not make it through Parliament by the end of March and we leave. How quickly could you put some systems in place so we can still move goods?

Hans Maessen: As I said, within the transition period that can be done. You would have to have a clear goal for the customs systems to be changed, adapted to the new situation, either a free trade agreement or no deal. It is a standard customs procedure. You now import 50% of your goods from outside the EU. It is then 100%, so the system is available.

Q191 **Nigel Mills:** But if the deal does not make it through Parliament by the end of March there is no transition.

Hans Maessen: Then it is a crash scenario, but it is there. It is interesting that the new CDS system will be available in March. I hope it will be ready. From my experience, it takes one or two years to have it fully operational, so it is going to be exciting.

Q192 **Nigel Mills:** Is there any precedent anywhere for an emergency, where



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something has happened and we have no idea how we can be compliant on this? Can we just not enforce it for six months, or is that utterly unheard of?

Hans Maessen: Dutch or European companies are asking us to prepare for a no-deal scenario. It is going to be hard. We have to pump up capacity, connect IT. It is going to be a huge challenge, so please take care that there is a transition period of some kind.

Q193 **Bob Stewart:** Mr Maessen, I am sorry I had to leave. I had to go on a Bill Committee, which is compulsory, so forgive me if I missed something and forgive me if my questions are a repetition of others my colleagues have asked. You are more a systems man and Lars Karlsson is more a technology man, in your definition of it. Clearly, technology is our friend. If, 50 years ago, we had wanted to change and have a border, we could not have had a seamless border. We would have had to have manpower, womanpower, at the border, and we would have had to have forms and systems. That is correct, so technology is going to help us, and we need to harness it as quickly as we can.

On smuggling, there are not just 300-plus crossing points in Northern Ireland. There is an infinite number, as you will appreciate. You only have to cross a field in some parts. With regard to smuggling, I am not in the slightest bit worried about smuggling. That is something that will be taken care of. It is happening now. It will happen in the future. You will not be able to stop it. It happens at all our borders at the moment. Smuggling takes place. People will come with a vanload of cigarettes into Dover.

I want to get back on to your approach, which is this systems approach, because goods cross the border now. There is a difference in price between the north and the south anyway, and there is some sort of regulation about that. I want to concentrate on the organisation. I would assume that a seamless border would require customs officers and immigration officers to have an office perhaps back from the border in each county or border county. That would be a sort of central point, with a computer system linked or co-located. Customs officers and immigration officers, not necessarily on the border, are in that sort of building. I do not mind whether it is two counties or whatever, but you would require some control and you would have customs officers, as they have now, probably using the same buildings even. Is that the way it works?

Hans Maessen: No.

Q194 **Bob Stewart:** Okay. Tell me how it works.

Hans Maessen: As I said, we are only interested in goods. You talk about technology. IT is technology as well, data systems. The production of declarations is producing data that can be risk analysed. That can be done anywhere. If a declaration is made and a risk is identified, customs can react in two ways. It can say, "Wait for unloading. Show me more



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information so I can see if the information is correct", if the information on the invoice is translated into the right HS code or things like that. It can also say, "Stop, because I want to check the goods". Then, from your perspective, you can say, "Come to my customs office, unload the goods there and I can inspect them". You can also say, "Wait. I will jump in my car, as a customs officer, and I will come to you and inspect the goods as they are being unloaded", which is also very good for logistics.

Q195 Bob Stewart: My point was about speed of reaction. If you want customs officers fast, they have to be relatively close to the border at some stage. That was what I was thinking of. I have done this with something called Vengeful. It is a stop check, when you have to stop a vehicle and it comes up on vehicle recognition. You get a stop check, so someone has to do it. Whether it is a customs officer, a police officer or an immigration officer we are not going to argue, but someone has to do it, and thus my point that there will be some sort of hard headquarters relatively adjacent, near the border.

Hans Maessen: There can be a central unit directing dispersed officers for each district, so he can be at your premises within an hour, so there is not much delay.

Q196 Bob Stewart: Yes, absolutely. Forgive me, I am not even saying that. That is fine by me. Dispersed officers would do. I want speed of reaction. Somehow or other, there will be a central point. We are talking about seamless crossing points and your paper says that. I personally do not understand why a seamless crossing point does not include cameras. When you cross a border, it says, "You are entering Northern Ireland". I do not actually have a problem, as long as you are not stopping, if there is a camera there and it takes a picture of your car as it goes through. I would have thought that is perfectly acceptable. I would have thought that is a very good system. I am a bit worried that we are going through the seamless stuff where there is nothing at the border beyond a post. I think we are going too far. If there is a border, I quite like the idea of a camera being there to record who goes across that border.

Chair: The issue is whether there is a need, from a customs perspective, to do that. I think the difference in the evidence we heard yesterday and the evidence we are hearing today is that, if I understand you, Mr Maessen, you are saying a systems-based approach is perfectly possible to get us over this conundrum around a hard border. Is that right?

Bob Stewart: I am not disputing that. I heard that yesterday too. I am just saying I do not understand this. That is great idea; we do not want anything there, and it is almost the same in all respects, but I would have thought it would be easier if, as you cross the border, there is a camera there.

Kate Hoey: There are cameras there now anyway.

Bob Stewart: There are cameras there. I do not want to delay this



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thing. I have been away in the middle of it and I feel guilty about that. Thank you. That is all I want to say.

Q197 **John Grogan:** I was late, so my apologies. I am on another Select Committee as well and they had a quorum problem. I could not get away quickly, so my apologies for missing the very beginning. I just have a few points to make. I think you mentioned, as I was coming in, animal health. Looking at Barnier's latest statement, I would like to see whether you agree with yesterday's witness. Barnier talks about health and phytosanitary checks for live animals and products of animal origin. He says, "EU rules are clear: such checks must happen at the border because of food safety and animal health reasons". Obviously, it is the question of the definition of the border. The witness acknowledged yesterday that there is a trade-off, with the risk increasing the further you move it away from the border. The witness acknowledged that. I wonder if you would comment on all that.

Hans Maessen: That is a crucial point the European Union is making. They say border inspection posts for veterinary and phytosanitary checks should be at the border. In Rotterdam, these locations are 40 kilometres inland and goods come from the actual border, the seashore, to these border inspection points, with a transit document, which I explained, so they are under control. I have here in front of me the directive of 1997, which talks about these border inspection points. It indeed says that these should be in the immediate vicinity of the border, but of course you have to read the next article as well when it says that, for geographical reasons, it can be located elsewhere, for example, a mountain pass or something like that. We have a geographical situation in Northern Ireland as well. It is a vast border with very thin traffic: cows going back and forth, two goats a year. We cannot have a border inspection point at every border crossing, so we have to look at how we can organise that efficiently. Looking at the veterinary goods going back and forth, the livestock, if we have one border inspection point that would be sufficient. Otherwise, you cannot operate it.

Q198 **John Grogan:** You would need at least one border inspection point.

Hans Maessen: But you could put that away from the border, which would be logical as well. You do not want to transport sheep 100 kilometres to this border inspection point and 100 kilometres back. That is not the way you should do it.

Q199 **John Grogan:** What you quoted, as I understand it, are EU rules, written in the context of everybody being in the single market. There could be very different standards within a few years. Some of my colleagues say chlorinated chicken would be a good thing to reduce prices of chicken for my constituents. Once you have very different standards, is it harder to have things further from the border? With respect to mountain passes, it is a physical constraint, is it not? This is a political constraint rather than a physical constraint. Do you at least acknowledge that it is easier to do where everyone's standards are the same? Once they start diverging,



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could residents of one side or the other start saying, “We want to enforce our animal health standards”?

Hans Maessen: These are two different things. One is the standard for health, veterinary goods or any industrial goods. You can voluntarily stay aligned. If you sell milk from Northern Ireland to Ireland that is not acceptable to the milk factory in Ireland, they will not buy it. If you sell a European car to the UK, you put the steering wheel on the right side. Otherwise you will not be able to sell it, so there is always a voluntary alignment. There are thousands of containers coming into Felixstowe, Rotterdam, Hamburg. I have never heard any big issue about the regulatory alignment. It is blown up. There is no big issue with that. That may surprise you, but in practice that is not the case. If there is an issue, you will, as a producer, want to be in regulatory alignment voluntarily, because otherwise you cannot sell your goods.

Next to that, the question is where you enforce that. For example, for veterinary checks, as I said, you need a border inspection point, but in TRACES you can inspect the goods at the point of loading. You look at the sheep, see if they are fine, and you can accept this inspection by the Northern Irish vet. You can re-inspect them in Ireland if you want, because there is an import declaration. You can look at the papers. You can say, “Hold the sheep. I want to see the sheep”. It is not 100%, but whatever risk profile is there. You can have it all under control, but there need not be any infrastructure at the border. That is crucial.

Q200 **John Grogan:** Belfast and Larne, for example, are where there are veterinary checks at the moment, as I understand it. Looking into the very interesting situation of no deal that my colleague, Mr Mills, mentioned, there are two scenarios for no deal, are there not? There is the no deal whereby nothing is agreed by Parliament or the EU between now and March, with all the problems there. I took it from you that your solutions would not be immediately available by then in that context.

Let us look at the other possibility of no deal where, after quite a lot of negotiations and so on, it is decided that there is no possible EU trade deal. What elements of your proposals could be implemented in that scenario? Does a lot of it—and how much of your proposals could be implemented—not depend on goodwill between the EU and the United Kingdom in those circumstances? You would have to have inland clearance, combined export and import declaration, reverse VAT charging, product conformity assessments and waivers, and so on. It would require a lot of good will and trust that might not be in all that plentiful supply in the context of no deal.

Hans Maessen: In the case of no deal, a crash scenario, you absolutely need inland clearance away from the border. This system is the export, the transit and the import declaration. You need that. We have visited a ferry port in Rotterdam. I have visited Dover and Calais. You cannot have any delay there. You can bring goods from Cologne to Coventry without border stops, or with almost no stops. You should move formalities in.



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That is also what the European Union has proposed. That is the only solution, and it is available on the table. That is needed in any scenario, and that is what our customers, importers, exporters and traders, are asking from us: "Help us to prevent delays". We are big flower exporters. A couple of months ago, I was having a pint outside on the streets of London. I was sitting quietly and there was a big Dutch truck coming in selling flowers. He would stop at the flower shop, and he had a key. He had a key for the shop. He just put in the flowers in the shop and drove off. He has 10 deliveries to be made in London in one night and he left 16 hours before. That should still be possible.

Q201 John Grogan: I have listened to you carefully and it is interesting evidence. I think in reply to one of my colleagues you said there is no need for a backstop, but in the next 24 hours we are all going to find out what the deal on offer is between us and the EU. There is a backstop in that arrangement. It looks like the backstop is pretty well staying, in all but name, in the customs union for as long as it takes to negotiate a deal between the EU and the UK. Given that you say it would take two years, it has not been done quite this way anywhere else, and our witness yesterday talked about a first stab up to two years and so on, is the reality not that your proposals, though very interesting, should be considered as part, if a deal is accepted, of any subsequent EU trade deal with the United Kingdom?

That is when that really comes into play, after two years. The transition ends in 2020. In reality, your proposals are not an alternative to a backstop because no Government are going to accept this timescale. If there is a glitch in your system, or if the first stab our witness offered us yesterday does not work, what do you do then? Are you not really talking about your proposals being interesting but being part of the EU-UK trade deal, rather than an alternative to what happens in the next two years? It is just too risky.

Hans Maessen: No. Two things should be considered now that these proposals are on the table today. The first is to have a smooth trade deal after the transition period; I would say a free trade agreement, because that is a good case for anybody. It has been offered by the EU. It is what the UK wants. Secondly, let us implement a transparent border so the backstop is no issue. As I proposed today, there are systems available that can be implemented, no technology, just techniques—administrative techniques which are there. These two elements can be implemented, maybe within the paper that is on the table today. If we can realise this transparent border, the backstop is no issue, or can be solved. That is ambitious, but I think it can be done. I am very happy the customs voice has now been heard more.

Q202 John Grogan: Are you 100% sure, 50% sure?

Hans Maessen: 100%.

John Grogan: My goodness, that is confident.



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Nigel Mills: We have fixed it.

Hans Maessen: It can be fixed.

Bob Stewart: It can be fixed.

Hans Maessen: Yes.

Q203 **Chair:** I think we have got that loud and clear. I have to say, I have sat through this particular evidence session absolutely gripped by your account. You have given us a great deal to think about. You have certainly added substantially to our general thinking around this issue relating to the border in Northern Ireland, and we are bound to reflect that in our updated report when we come to publish that. Thank you so much for being with us today. What you have said has been extremely useful indeed. I am very grateful to you.

Hans Maessen: If I may add, I will make a paper giving an overview of the concepts I have described. I will send it to you so you can use it as a review or add it to your paper.

Chair: That would be most helpful. Sooner rather than later would be great, because obviously this is a very dynamic process. Thank you very much indeed.