

European Scrutiny Committee

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From: Sir William Cash MP

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Reform of the EU Customs Union and the EU Single Customs Window

You will be aware that the EU recently reached provisional agreement on the legal framework for its new Single Customs Window, a new IT initiative similar to the UK's Single Trade Window to streamline border formalities for goods entering and leaving the EU Customs Union.¹ As we have corresponded with your predecessor on this previously, you know that we are interested in the implications of the SCW both under the Northern Ireland Protocol, given that it would fall within the definition of EU customs legislation that continues to apply in Northern Ireland by virtue of Article 5(2) of the Protocol, and for British businesses exporting goods to the EU.

In the current context, we appreciate that the extent to which the Single Customs Window (and other reforms of the EU's Customs Code) are also inextricably bound up in the Government's position on the need for changes to the Protocol, and could be affected by the changes foreseen to its domestic implementation by the Northern Ireland Protocol Bill. Under the Protocol as it currently applies, the EU SCW could eventually apply to all relevant goods entering Northern Ireland from outside the EU, including from Great Britain. However, equally, the Government has proposed that even under its alternative arrangements, goods entering Northern Ireland but declared as being destined for the EU "would be subject to full checks and controls and full customs procedures". That would suggest the UK has to implement the Single Customs Window in some form in Northern Ireland either way.

¹ Proposal for a Regulation establishing the European Union Single Window Environment for Customs and amending Regulation (EU) No 952/2013; COM number: COM(20) 673 (ESC number: 41624).

We are of course also aware of proposals made by the Government to the EU for interoperability between the EU Single Customs Window and the separate UK Single Trade Window being developed by HMRC. In your previous update, dated 7 March, you noted that following initial discussions with the EU in the relevant EU/UK Specialised Committee, your Department was “reassured that the discussion was positive and that both parties were supportive of further discussion, which is expected to become more substantive as our policy thinking develops”. We have not received any further information on developments in that regard since then.

Lastly, we have been made aware of an evaluation of the EU Customs Union carried out by a ‘Wise Persons’ Group’, on the basis of which the European Commission is now preparing draft legislation for reform of the operation of the EU’s external border for goods. We understand proposals to that effect are likely to be published in December this year, followed by the normal EU legislative process. For the same reasons as outlined above, those proposals will be relevant to the UK, and perhaps even more so as the recommendations made in the evaluation, if implemented, could increase customs checks, formalities and paperwork for British traders when sending goods to the EU (and possibly to Northern Ireland too).

In light of the above, we would be grateful for an update from you on the following matters.

- Can you confirm that, under the proposals put forward by the Government to modify the operation of the Northern Ireland Protocol, the EU’s Single Customs Window would apply for goods going into Northern Ireland through the ‘red channel’ on their way to Ireland? If so, what discussions is the Government having with the EU to ascertain the work that may be necessary to implement the SCW in Northern Ireland, and how will it seek to engage with the forthcoming drafting of implementing technical rules by the European Commission that are key to the implementation of the scheme? Does the Government have any specific priorities that it would like to see reflected in those EU implementing acts?
- What progress, if any, has been made on finding opportunities for formal interoperability and exchange of data between the EU Single Customs Window and the UK Single Trade Window? With a view to maximising such interoperability, while reflecting the UK and EU’s status as separate customs jurisdictions, does the design and scope of the EU scheme as now provisionally agreed raise any issues from a UK Government perspective? What are the next steps, and overall proposed timescale, for operationalising any linkages between the EU SCW and the UK STW?

- Has the Government formed a view of the recommendations made by the EU's 'Wise Persons' Group' on reform of the EU Customs Union, in particular with respect to its potential implications for the operation of EU customs controls in Northern Ireland (whether in 'red lanes' or otherwise)? How does it intend to engage with the Commission, Member States and European Parliament to ensure UK traders do not, to the extent possible, face increased administrative burdens when exporting to the EU, or when sending goods from Great Britain to Northern Ireland?

We look forward to receiving your reply by 1 November 2022.

I am copying this letter to Simon Hoare MP, Chair of the Northern Ireland Affairs Committee and Stephen Habberley, Clerk of that Committee; to the Rt Hon. Mel Stride MP, Chair of the Treasury Committee and to Adam Mellows-Facer, Clerk of that Committee; to Lord Kinnoull, Chair of the House of Lords European Affairs Committee, and to Nick Boorer, that Committee's Clerk; to Victor Peluola and Patrick Lynch at your Department; and to Les Saunders at the Foreign, Commonwealth and Development Office.

CHAIR