

European Scrutiny Committee

House of Commons London SW1A 0AA

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From: Sir William Cash MP

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Rt Hon. Lucy Frazer QC MP
Financial Secretary to the Treasury
HM Treasury
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EU Single Customs Window for trade in goods (update)

As you will be aware, we corresponded with your predecessor in late 2020 on the EU's 'Single Customs Window' (SCW) initiative, and its potential implications for the UK. The SCW, as you know, is the EU's counterpart to the Government's own 'Single Trade Window' (STW), with the aim of improving communication between the various authorities involved in the cross-border trade in goods and allowing businesses to obtain clearance to import or export goods more easily via a new digital platform. We understand that the European Parliament and the Council of Ministers recently agreed their respective positions on the scope, design and timetable for the EU SCW, and will shortly engage in talks to finalise the legislation, with implementation to take place over the next decade or so.

Any simplification of customs administration on the EU's side would of course be of benefit to British businesses involved in trade in goods with the EU, even if practical implementation of the SCW is some way off. Indeed, we note that in October 2021 the Government used the first meeting of the UK/EU Trade Specialised Committee on customs cooperation to present proposals for "future cooperation regarding Single Trade Window, interoperability, exchange of information and how best to use data".

Of particular concern to us is that the draft legislation establishing the EU's Single Customs Window would appear to be included in the list of EU customs legislation that remains applicable in Northern Ireland under the terms of the Protocol on Ireland/Northern Ireland. A reference to the draft Regulation establishing a Single Customs Window would be included in Article 5(2) of the Union Customs Code, and EU customs legislation listed in

that Article remains applicable in Northern Ireland under Article 5(3) of the Protocol on Ireland/Northern Ireland. As such, given how the Protocol requires the application of EU customs rules to goods moved from Great Britain to Northern Ireland, the new arrangement for submitting customs and regulatory documentation could also apply to such intra-UK trade. In December 2020, your predecessor said that the Government was still “considering the question of whether the Protocol immediately applies the Single Window Regulation to customs operations in Northern Ireland” and that “it has not yet been determined whether the Regulation [establishing the SCW] has direct effect” under the Protocol.

Since then, we have not received any further information on the outcome of the Government’s consideration of this matter. Similarly, we do not know if the EU has raised the issue in the Joint Consultative Working Group, where new EU legislation with potential application in Northern Ireland under the Protocol is discussed. *Should* the EU SCW apply in Northern Ireland, it also remains unclear how any overlap between the EU SCW and UK STW in Northern Ireland would be resolved (although the Government has previously said that it was its intention that “in a scenario where both Single Windows apply to Northern Ireland [...] traders who need to interact with both systems will only need to submit data once via a single online portal”). It is unclear if the Government has had discussions with the EU to make such a joined-up approach across two different customs jurisdictions a technical reality.

While we appreciate that the Government is currently engaged in attempts to renegotiate that Protocol to reduce the scope of application of EU customs rules to GB-NI movements, the UK’s proposals would still require the application of EU customs rules in certain cases where the goods are destined for the EU Single Market. In any event, we have not received confirmation from the Government that its proposals for amendments to the Protocol have been, or are likely to be, accepted by the EU.

In light of the above, we would be grateful if you could:

- clarify what conclusion the Government has reached about the applicability of the EU Regulation establishing the Single Customs Window under the Northern Ireland Protocol and, similarly, if the EU has expressed an expectation that the UK would have to implement the SCW in respect of Northern Ireland, either in the Joint Consultative Working Group or otherwise;
- explain how the Government, if the SCW may indeed be applicable in Northern Ireland under the Protocol, would ensure its ambition of having a “single online portal” for traders that need to engage with both the EU SCW and UK STW, and what discussions to that effect have

been had with the EU. In particular, is it possible that the Single Trade Window will apply only to Great Britain and not Northern Ireland, if such cooperation and compatibility cannot be agreed with the EU; and

- provide more detailed information on the UK proposals made to the EU at the Trade Specialised Committee in October with respect to cooperation between the EU SCW and UK STW, and whether the Government judge that the EU is willing to take those proposals forward.

We look forward to receiving your reply by the end of February.

I am copying this letter to Angus Macneil MP, Chair of the International Trade Committee and Eligio Cerval-Pena, Clerk of that Committee; Dame Meg Hillier MP, Chair of the Public Accounts Committee and Ben Rayner, Clerk to that Committee; Simon Hoare MP, Chair of the Northern Ireland Affairs Committee and Stephen Habberley, Clerk of that Committee; Lord Kinnoull, Chair of the House of Lords EU Select Committee, and to Chris Johnson, that Committee's Clerk; and to Les Saunders in the Cabinet Office.

CHAIR