Written evidence submitted by the Custom Clearance Consortium (FRE0011)

What do you expect customs and import/export clearance arrangements to look like after the Transition Period?

We are planning for customs paperwork the same as today for Rest of World (RoW) trade, ie export declarations, import declarations, safety & security and SPS controls. However, there is a subtle but significant difference : inventory linking.

Take, for example, a RoW container arriving at Felixstowe. The initial import record is created by the ships manifest and declarations are associated to that item via a unique identifier. The entire port handling process is linked to the initial record. Nothing can leave until the inventory is finalised meaning that all goods are either cleared or offloaded and the container is free to proceed. A customs agent requires a 'badge' (electronic login) for each inventory linked port that they intend to clear at, otherwise they cannot access the inventory and cannot present entries.

Dover and Eurotunnel are not inventory linked (and neither are most RORO ports) and there is no hurry to introduce inventory linking.

At an inventory linked port, you access the port record and present entries against it. At non inventory you simply submit entries to customs and inform the driver/port of the entry details.

This is a subtle but important difference as it:-

1. Reduces costs : no port system involved so no port charges (c. £20 per transport unit)
2. Fewer badges : only need one badge (for CHIEF) rather than one per port of arrival
3. Allows remote access : makes it easier to operate without a port presence (removes the concentration of talent issues that Dover will face)
4. Faster entry processing : without having to first locate the transport unit inventory record

It does, however, present some issues for HMRC. Inventory linking ensures that nothing can leave the port unless and until the customs process is complete. This is not practical at Eurotunnel or Dover (no space). The idea is that nothing is allowed to arrive unless the import entry is present – meaning that the control needs to be in France. In theory, you will not be allowed to board the ferry/train unless your import declaration is pre-lodged (or you are covered by a transit document for inland clearance).

What procedures, administration and controls do you expect to change?

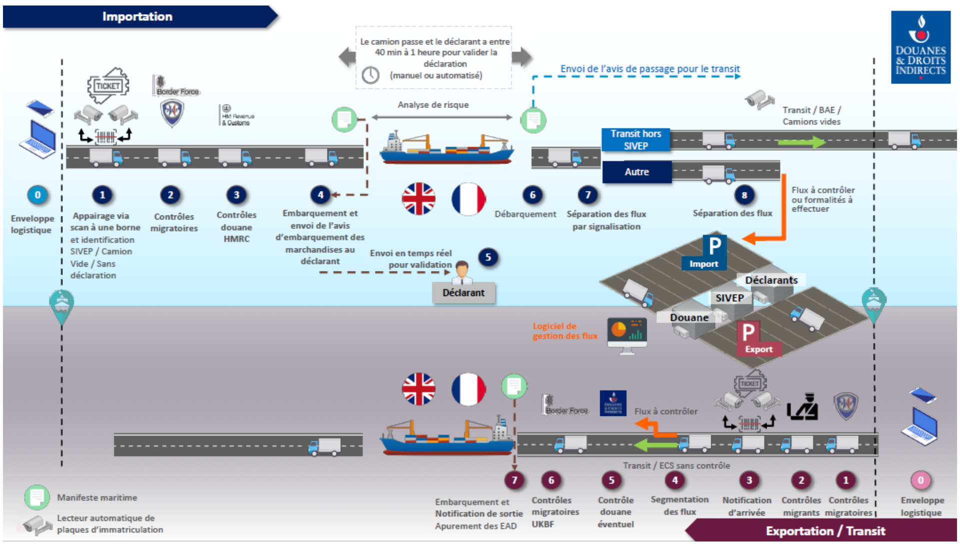
Currently, Dover does have customs clearance facilities (so too does Eurotunnel if you count STOP24). However, the vehicle is not stopped at the 'border'. The vehicle arrives, leaves and sets off on its journey. If it requires customs clearance (ie Turkish or Swiss goods) the driver voluntarily drives to the clearance station (Motis FSA at Dover or STOP24 on the M20) to identify himself and complete customs processes before proceeding. Incidentally, these two locations ARE inventory linked. The act of entering the terminal creates the initial inventory record (similar to the way the ships manifest would have done for a container at Felixstowe).

What if the driver decided to disregard the customs process and simply drive straight to the delivery point? In order for the vehicle to drive through the EU uncleared (without customs formalities being completed) the driver will have needed a transit document. This document needs to be closed otherwise the issuer will become liable for the duty and VAT that should have been paid. So, the driver is instructed to complete customs on arrival.

This will not be the case with imports from EU. For Turkish and Swiss the driver needs a transit document because he is transiting the EU with (uncleared) non EU goods. In Brexit he will often be transiting the EU with EU goods (from Germany for example, via France and leaving through Calais). So no document exists that 'forces' the driver to report for clearance. Hence the need to control the process pre-departure. In simple terms the driver will not be allowed to enter the port of Calais without having the MRN (movement reference number) for the export declaration and will not be allowed to board the ferry unless he has the import entry number (or transit document reference). Calais have created a system known as the 'logistics envelope' to control this process.

What impact will changes have on the current customs systems and how prepared is the sector to make these changes?

Would have to admit that Calais (including Eurotunnel FR) are more prepared than UK ports/terminals. This is partly because UK initially softened most of the import processes whereas EU needed a more robust mechanism. In Calais the electronic system is simple to use and very effective. It tracks the MRN numbers relevant to the vehicle and if they are not pre-lodged the vehicle sits there until they are.



Rotterdam has a similar system known as Portbase and Zeebrugge has RX Seaport. More work needs to be done by UK ports (including Irish Sea) to mimic these systems but there appears to be a reluctance to do so.

What impact has the Coronavirus pandemic had on the wider preparedness for new customs border arrangements and what support could be offered to help the sector adapt?

There was a point in the process where Sir Jonathan Thompson (HMRC CEO at the time) was asked (at a Treasury Select Committee meeting) what all of this will cost. His response suggested 200 million declarations at an average £32.50. Politically this was not a good message. HMRC set about empowering the traders to do their own paperwork so the choice of incurring these costs was theirs rather than it being 'imposed'. TSP (Transitional Simplified Procedure) was created. This is a watered down version of CFSP (Customs Freight Simplified Procedure) which accounts for around 70% of the current import entry throughput (50 million declarations per annum). TSP has since been withdrawn as businesses are thought to have enough time to prepare and, anyway, it was in breach of WTO MFN rules as it offered an advantage to EU exporters that was not available to RoW exporters.

Traders had been empowered. If they choose to use a customs broker that is their choice. In creating TSP is rather cut the freight forwarder off at the knees. TSP was not available to them and they were forced to rely on their customer being prepared at a time when their customers were relying on them to solve the problem. Few applied (less than 40%) and eventually a process of auto-enrolment was introduced.

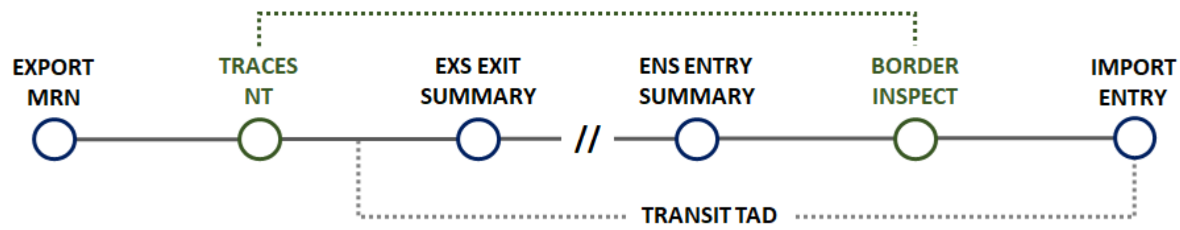
HMRC worked on the basis that 'nothing moves unless the trader orders it' when in actual fact, nothing moves unless you move it. The movers are the freight forwarders and they are now seizing the opportunity to prepare for day one.

Covid-19 has created issues but most were not intending to seriously look at Brexit until the summer anyway, once the June 30th deadline had passed. Until very recently there has still been a belief that there will be an extension (not shared by us).

Unfortunately we have seen many situations where the person looking after Brexit has either been re-deployed or furloughed. Brexit has been put on the back-burner. Furlough is actually more of an issue as the person managing the Brexit project is not allowed to work even though they could and it would have been a perfect time to concentrate on their Brexit plan.

What additional sanitary and phytosanitary procedures and regulatory checks may be required on goods moving between UK and the EU?

As it stands SPS controls will be required on both UK exports and UK imports.



Whilst the electronic process appears to be fairly robust the paper trail is cumbersome:-

1. Exporter receives an order and initiates the EHC (export health certificate process)
2. EHC is created but goods cannot be confirmed and loaded until a vet is present (we are working with DEFRA on their e-EHC pilot)
3. Vet must supervise the loading, may seal the trailer and authenticates the EHC
4. Record is created on TRACES NT (EU tracking system for SPS etc). This nominates the BCP (Border Control Post) that will inspect the goods/paperwork on arrival
5. BCP must be advised 24 hours in advance of arrival
6. Goods are inspected at the BCP on arrival (either seals check, back door check or offload)
7. BCP incurs a costs, thought to be circa €50 per consignment.

This process creates initial delay and the potential for further delay on arrival at the BCP. It seems unnecessary. TRACES has recently been upgraded and is now far more comprehensive and user friendly. It seems sensible that the EHC element could be removed and re-placed by a TRACES only declaration, which, in itself, creates a control document known as a CHED. If the CHED could be agreed as the process then the SPS controls would be reduced to exception reporting rather than a one-size-fits-all process that will spend most of its time confirming that everything is in order anyway.

The EHC process means that the trader cannot accept last minute orders (or changes) as the process is not flexible. This removes a large part of the USP associated with the type of fast-moving (short life) goods subject to SPS controls.

UK have said that SPS controls must also be applied to EU export (UK imports). This may be a tit-for-tat approach as no sign of any infrastructure currently being erected for the UK BCP controls. There is a good argument that, again, TRACES NT could be used and the BCP could be the importers premises since this would be a registered food business anyway.

What impact could these new requirements have on trade flows and supply chains?

They will create a delay of anything from half a day to three days (for UK exports), depending on the EHC process and availability of the vet to inspect the goods. This removes the ability to 'trade' commodities in the traditional sense, everything must be pre-meditated and organised well in advance. Expect to see less frequency of smaller movements.

As regards UK imports, we often here of 'empty shelves' due to delays at the border. This rather assumes that foods crossing the border are delivered directly to the stores (or at least the RDC, Regional Distribution Centre, feeding the stores). This is rarely the case. Apart from produce (very short shelf life), most imported foods go to a consolidator, such as Culina, Stobart or Oakland International. In many cases the import is 'consignment stock' not yet ordered by the retailer but shipped by the producer and held pending orders. The average turn-around of this stock is 5 days. It follows that the delay at the border would need to be in excess of 5 days for there to be a material impact on the supply chain.

There were major truck delays in Calais area in July 2019, taking days to reach the UK. No shelves were empty and to many consumers, the whole saga passed unnoticed. It went on for around six weeks but received very little press and had little or no effect on the consumer.

What steps could both sides take to reduce these requirements?

Embrace the new TRACES NT system. EU have spent a great deal of time and money to upgrade this process and it seems an excellent reporting and control tool. Fine to have the BCP still at the port of arrival (Calais for example) but the process will be quicker if TRACES NT is used to profile those for inspection, in a way that CHIEF does today. Food business (either side of the channel) are required to go through a number of regulatory hoops before they can even become registered and this process should not be ignored. We have always suggested that these traders are 'trusted traders' already (at least in terms of SPS controls).

What must the Government, ports and businesses do between now and the end of the Transition Period if the new arrangements are to work successfully?

Transport operators learn quickly, if there is a problem they may well be delayed – but not next time. They adapt and if the situation cannot be avoided they look elsewhere for business. In April 2014 the Government introduced the HGV levy where, for the first time, foreign hauliers had to pay to drive in the UK (or face a penalty). There was an initial period (of around 20 days) where confusion reigned. It settled quickly and the compliance rate quickly reached 98%. The system was clear, well communicated and policed.

If the rules are clearly defined (no export, no [port] entry : no import, no [ferry] exit) then transporters will quickly adapt, they may get it wrong the first time but not the second. If the rules are not clear the transporter will look for the 'path of least resistance' and may give up working with the UK. Bear in mind that circa 85% of the trucks crossing the channel are foreign and the UK import leg is the primary movement.

So, what can ports do? Adopt a similar approach to that used in Calais (the logistics envelope). It removes the driver from the process. MRN's are pre-lodged at the port and associated to the truck. ANPR cameras retrieve the record as the truck approaches and either let him in or turn him away until the process is complete and the MRN's lodged. The driver can see (on an app) whether he is border ready before he arrives in Calais. Copy that process at UK ports and the basis is established.

As regards traders. Training is available and is funded in part or in full by HMRC. This worries us. We have employed graduates and taken them through UK Customs Academy training up to level IV (Advanced). Whilst the customs training is very good, they still do not know how to negotiate a border or how to get the truck from say Stuttgart to Skelmersdale. Part of the reason for this is that the port/border system is not well defined or consistent. Again, back to the logistics envelope idea.

Customs paperwork is quite honestly the easier part of the process. Exports are not particularly onerous and imports can be done retrospectively if the trader is so approved (CFSP for example).

Define the border process (one size fits all UK ports) and the training can be more effective. Empower the freight forwarder – he is not the enemy in this process but is, quite possibly, the saviour.

What lessons can be learned from current practices trading beyond the EEA?

Clearing a container from China is far more complicated than clearing a full load of yogurt from France. The Chinese import may have valuation issues(!), anti-dumping duty, more controls and generally have more options for importation (warehousing, inward processing relief etc). A full load of yogurt will be the same as the previous full load of yogurt (only the truck number, packages, weight and value may be different this time). EU trade is tick-tock metronomic, very repetitive and predictable. Back in the day when even these required customs clearance our record was 27 seconds to complete the import declaration. Our computers in those days had less processing power than my iPhone.

The lessons that can be learned are:-

1. Profile : target commodity codes, countries of origin and traders (EU will be mostly innocent)
2. Data driven : the more data you have the easier the process becomes. If you submit an import declaration against commodity code xyz with a value of £10/kilo the system will know how likely this is. The process gets easier with data, modelling and trend.
3. Copy existing processes and then simplify them as required
4. Mimic inventory linking by using the logistics envelope process (do not inventory link the RORO arrival port!)
5. VAT is a control mechanism. Exports are zero rated so the trader must lodge an export declaration (or charge VAT) and the import is controlled via the VAT return – an import entry generates a monthly C79 VAT certificate which can easily be used to compare with traders VAT records.

There is another lesson that should be learned.   Shipping hazardous goods today (even intra-EU) requires the lodgement of a dangerous goods note and notification to the port at least 24 hours before the goods are due. This works without issue. Brexit, potentially, creates a similar process, but for everything.

Do all checks have to take place at the border?

Absolutely not!   In fact that is the last place they should occur. The simple rule that you should only be allowed to set off for the UK if your import is in place should be sufficient. This means that nothing arrives without a record of some sort and thus an audit trail.   Today, for intra EU trade the audit trail is (or can be) the reverse charge VAT process – 'exporter' states 'importer's' VAT number and charges no VAT (B2B), thus creating a trail.   In the absence of centralised VAT (ECJ governance) then the 'no import-no ferry' rule applies.   Vehicle can only leave for UK once one or more of the following apply:-

1. Full import entry is pre-lodged in the UK and driver has the entry number
2. Driver has a transit document allowing clearance later and inland (would apply as much to Turkish and Swiss traffic clearing at Motis FSA or STOP24 as it would EU traffic clearing at the forwarders approved premises in Northampton, for example).   It should be noted that Motis FSA (Dover) and STOP24 (Eurotunnel) are essentially inland clearance depots, they just so happen to be near to the point of arrival, but could equally be in Dundee!
3. SFD (Simplified Frontier Declaration) is pre-lodged and driver has the details. SFD is the CFSP process that allows an initial record to be created with the entry done by the end of the month (a little like TSP except TSP even did away with the need for the SFD)
4. CCS-UK inventory record – a new process where the vehicle can clear inland even without a transit document. The inland inventory record is completed and the vehicle allowed to move against this. Consider transit as push and CCS-UK as pull.

As much as possible imports should take place inland, either with CFSP or transit and exports should be authenticated prior to despatch, by using the authorised consignor process (which HMRC are also promoting)

What impact will changes have on current border customs systems and how prepared is the sector to make these changes?

A Turkish vehicle requiring full customs clearance in Dover currently passes through the port in exactly the same way as a French vehicle requiring nothing. The transit document that the Turk has, 'makes' him call in at Motis FSA (for example) whereas the French vehicle goes straight to delivery. There is no reason why that should change. Back to the logistics envelope system – nothing can enter the port of export without the MRN's pre-lodged and nothing can leave unless/until the import (or transit) MRN's are lodged.   Simple, clear and easy to understand – it's only the port system (and lack of industry standard) that is creating a problem.

What infrastructure will be required to facilitate the new customs and clearance arrangements?

Online portal and ANPR cameras at the EU ports.   Import clearance in UK would be at approved premises (ETSF, external temporary storage facility), virtually (CFSP) or by pre-lodged import entry. SPS controls (if any) should take place at approved premises as is possible today with phytosanitary controls and the PoFA (Point of First Arrival) approval where SPS takes place at the nominated inland premises.

The ports should only deal with 'problem' traffic, thought to be around 5%. Therefore, a vessel arriving at Dover with say 100 freight units would only require 5 to be 'pulled over' for additional checks.

Very little infrastructure should be located at the port. It does not exist today and yet Swiss and Turkish (and other non-EU) are handled with ease.

How soon can this be put in place?

There are key approvals that the trader and/or freight forwarder requires:-

1. External temporary storage facility (inland clearance)
2. CFSP (simplified at border with full entry later)
3. Authorised consignor (so export transits can be authenticated BEFORE they set off)
4. Transit guarantee with 100% waiver
5. Deferment account (for payment of duty if duty applies)

Resource should be put towards these areas so that approvals are turned around quickly and, in many cases, issued without prior experience of customs processes but with an ability to show how the process will be controlled. There is a serious 'chicken and egg' here, for example one cannot obtain AEO (Authorised Economic Operator) trusted trader status unless you can prove that you are currently handling customs paperwork – this needs to be relaxed so that policy and procedure is agreed rather than history. AEO is not essential in this process but the approvals above are easier to obtain with AEO status. AEO status also allows less financial security, for example the deferment required for duty only requires a bank guarantee for 30% of the amount of 'credit' required.

Most applications can be turned around in 120 days so there is still time. However, as panic sets in (October+) there will not be enough time and therefore a more flexible approach should be considered – instant approval online with a review after 3 months for example.

How should such changes be funded?

The easy answer is to say 'by the Government'. We have a slightly different approach. Investment is needed to be ready for day one. Experience has shown that day one keeps moving. We would rather see a situation where we agree to invest say £1million on the understanding that the processes we are investing in will be required by 31st December, otherwise Government will refund in full. This is a real 'put your money where your mouth is' approach. We will invest all day if we feel that investment is required. Only you can decide that. Should the Government renege on the promise to leave then (and only then) should the investor be fully compensated.

Will the arrangements be different if the Transition Period concludes with a deal between UK and the EU?

The paperwork processes would be largely the same. Any relaxation of SPS controls would be appreciated but would be dependent on some kind of a 'deal' being struck. In general terms and relating to the customs paperwork only, deal or no deal look pretty much the same. If duty does apply to UK imports there is a greater need for importers to obtain deferment accounts and these need to be sufficient to cover a full month's worth of trade or the import entry will fail as the month reaches an end (and they have reached or exceeded their credit limit). Unsecured deferment accounts should be auto-issued to VAT registered traders.

The 'deal' by the end of the year only really affects (1) the amount of duty payable and (2) how SPS controls are administered.

What would be the main challenges of this outcome?

Managing duty payments on UK imports (if the importer does not have their own) is a challenge and may slow down the processing of goods. Two options exist (1) if the goods are being delivered 'on wheels' (on the same vehicle that crossed the border) there may be a requirement to pay duty in advance and (2) if groupage (where goods are passing through a depot for onward delivery on a smaller vehicle) there may be a delay whilst the goods are held at the depot until duty is paid. It is a big help that VAT will resort to postponed VAT accounting from 1st January 2021, but duty is still an issue. An auto-issued unsecured deferment account would fix this, at least initially.

SPS controls as mentioned are a challenge that could be solved if there is a will. If no deal is in place then SPS becomes extremely problematic.

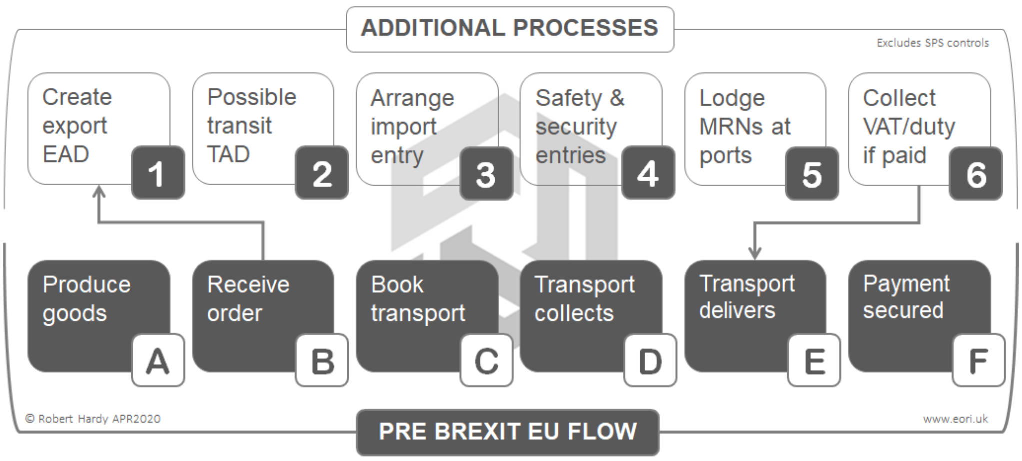
How prepared is the sector to deal with this?

The trader often relies on the freight forwarder. This helps as there are less of them and they are more tuned in to customs processes. Our biggest fears are:-

1. Traders that are planning to do the paperwork themselves. This sounds like a positive move but in many cases they don't mean all of it! Take CFSP for example; the trader might be happy to look after the final import declaration but they may have failed to consider the SFD (frontier declaration) and the entry summary declaration (safety & security). This, potentially, creates cracks where both parties think they are ready and neither are.
2. Training as a solution rather than an element. We have put our staff through UK Customs Academy training up to and including level IV. This is great training but does not help with border processes and our fear is that we have gone from a situation where most knew nothing to a situation where some may think they know it all now.

The key to the next process is to embrace the logistics industry. It is fair to say that around 85% of the trucks crossing the channel are foreign but many are working for UK freight forwarders – the nationality of the truck means nothing.

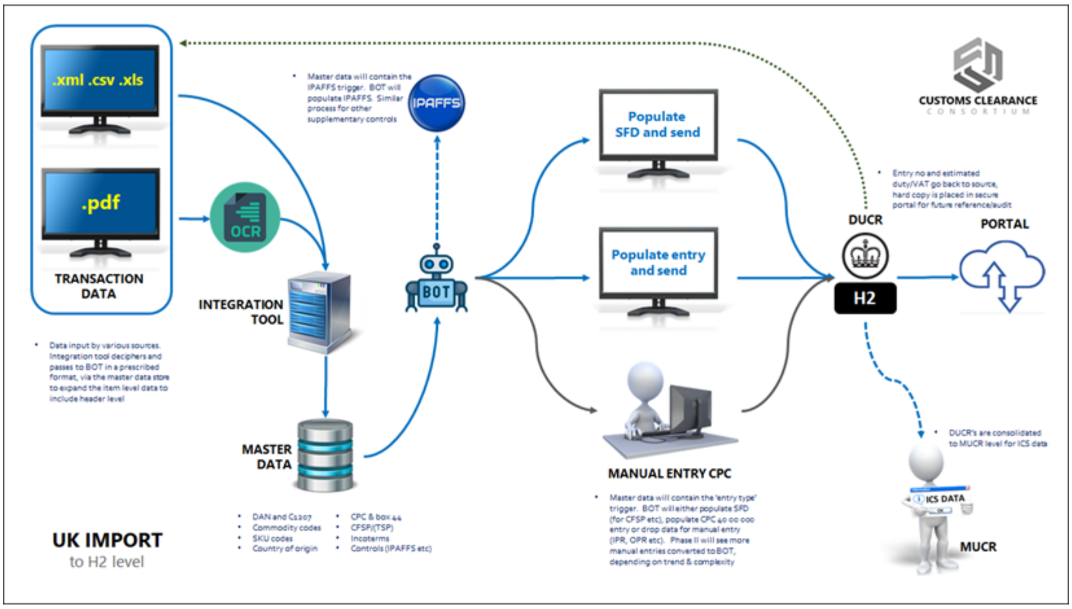
Logistics providers are working hard to be ready in time as they know the opportunity exists to create a commercial advantage and increase their worth. We have written information papers on these topics which can be found at www.mybrexit.uk/downloads. One such paper concentrates on the role of the freight forwarder.



The Government anticipates that an additional 50,000 customs officers will be required to oversee the post-Transition arrangements. How many of these officers have been recruited, trained and deployed and how many do you expect will be in place by end of 2020?

Think the question is wrong. The 50,000 figure relates to customs brokers and officers, with the majority being customs brokers. HMRC funding is available up to £13,000 per new recruit, based on £3,000 recruitment cost and ¼ of their starting salary. A starting salary (for inexperienced customs brokers) of £40K is excessive and unrealistic. The real figure is circa £20K meaning that the funding is up to £8K and this is not enough. We also saw an article that a customs entry clerk can complete 20 entries a day. This is ridiculously low. 30 years ago I could personally complete over 100 import declarations on a 12 hour shift (some on a typewriter!)

We have taken a different approach. As previously mentioned, most EU entries will be simple and repetitive. Employing hundreds of inexperienced staff to look after these entries is fraught with problems and is not the right solution. We, on the other hand, are investing heavily on RPA (Robotic Process Automation).



We are using our skills to (a) build the master data files and (b) configure the robots. Each robot can handle 1,000 customs entry a day and costs around £25K including licence fees and development.

There will still be the requirement to employ customs brokers (less so for us due to robotics) but that figure would be more like 10,000. Equally, the additional customs officers would be around 10,000 and we would envisage that many of these will be inland and would also look after VAT since there is a direct relationship between the two processes.

Other items.....

Incoterms and their relevance in the process

Incoterms have an impact on the process required but there is a general lack of understanding of this potentially complex issue. This could lead to a large proportion of traders sleep-walking in to a problem. Most incoterms have little or no effect on the process itself apart from two:-

1. **EX WORKS** : goods are sold ex factory/warehouse and the buyer is responsible for all customs matters. If you sell goods on an ex works basis it is not actually an export (even if the buyer has a French accent!). Therefore the seller cannot zero rate the goods for VAT as they are not sure that the goods will leave their territory. Technically, to buy goods on an ex works basis the buyer would need to be VAT registered in the country of purchase.
2. **DDP** (delivered duty paid) is even more of a problem. You sell goods with a delivered (all-inclusive price). Duty is introduced but your customer will not pay it – this flips to DDP. This means that the exporter needs to arrange import clearance in the country of destination and may require VAT registration to do that. In some Member States you can apply for non-resident VAT registration but in the majority you require fiscal representation. This is costly and full of problems.

We created an explainer video on the subject : https://youtu.be/xu1SqYZOwN0

There needs to be more education (particularly for UK exporters) on the perils of getting the incoterms wrong. Exporting to say 5 Member States on a DDP basis may require five VAT registrations and foreign customs brokers. Whilst DDP is often seen as 'our problem, our solution' approach it is far more complicated than it looks.

What is required and what will it cost?

We are often asked this question. HMG carried out a detailed no deal risk assessment but many consider this to no longer be valid, both in terms of process and estimated cost. Also the previous assessment did not include the NI Protocol as it was created prior to that agreement being reached.

In response to many requests we have drawn up a simple matrix of the key elements and an estimate of their cost, in terms of market rate for the service provided, these are included here :

CODE	Description of process (UK / Ireland version)	Est cost
EAD	**EXPORT DECLARATION**. In order to export goods you must put them under customs control, this is done by creating an EAD export declaration. It is also the control mechanism for zero rating VAT on the basis that goods are leaving the customs territory.	£30.00
EXS	**EXIT SUMMARY DECLARATION.** This is auto created by the EAD and alerts the export border that you are on your way. If no EAD required (NI-GB for example) then EXS is a stand-alone declaration.	Nil if part of EAD or £15.00 if stand-alone
ENS	**ENTRY SUMMARY DECLARATION.** The opposite of the EXS. The ENS alerts the import border of your imminent arrival. It is not auto generated by another process as the import declaration, in many cases, can be done later whereas the ENS must be lodged at least 2 hours before you arrive at the border.	£15 or £5 if we are handling the import entry
IMP	**IMPORT DECLARATION**. Normally submitted electronically. Accounts for import duty and VAT in the destination country and also declares any additional trade measures such as export health certificate.	£35.00
EHC	**EXPORT HEALTH CERTIFICATE.** Most POAO (products of animal origin) require an EHC. An EHC must be issued by the exporter and endorsed by an authorised vet prior to despatch.	Arranged by exporter
PHYTO	**PHYTOSANITARY CERTIFICATE**. If an EHC is for products of animal origin then consider phyto is for products of plant origin. Again it should be issued by the exporter and endorsed by the appropriate authority.	Arranged by exporter
TRACES	Online tracking and control system for EHC and phyto movements. The export movement is registered and the BCP (Border Control Post) nominated. Submission of the TRACES entry generates a document reference number which should be declared on arrival at the BCP.	£25.00 unless done by exporter
IPAFFS	Import of products, animals, food and feed system in to UK must be registered in IPAFFS. Consider it the UK version of TRACES. So EU export will be on TRACES and UK import on IPAFFS	£15.00 unless done by importer
BCP	**BORDER CONTROL POST** (previously referred to as a BIP). Goods covered by EHC or phyto must be presented at the BCP when they first enter the Customs territory. Be aware that there is normally a charge levied by the BCP of around €50 per consignment to be checked.	c.€50.00 charged by BCP
DUTY	Duty rates in EU and/or UK are not yet set, they might be nil. Information not likely until Q3 2020 at the earliest. If duty is payable it will require a deferment account with customs to pay. If importer has own deferment there is no charge. If agent deferment is required, charges apply and payment will normally be required in advance.	Nil or c.3% of amount paid

FLOW	EAD	EXS	ENS	IMP	EHC	PHYTO	TRACES	IPAFFS	BCP	DUTY
NI to **GB**		✓								
GB to **NI**			✓	✓	✓	✓			✓	Possible
ROI to **GB**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GB to **ROI**	✓	✓	✓	✓	✓	✓	✓		✓	✓
NI to **ROI**	No paperwork or process required (providing remaining on island of Ireland and not for export)									
ROI to **NI**	No paperwork or process required (providing remaining on island of Ireland and not for export)									

What constitutes a declaration/consignment? In simple terms, from one EORI number to another. EORI number is the official unique code for the exporter or importer. Quite normal, for example, to have one export EORI with multiple deliveries in UK, but if UK is all consigned to same [UK] EORI number then it is one consignment in customs terms and therefore one export declaration and one import. The number of deliveries is not relevant in this case.

What constitutes an export? Goods leaving one customs territory and going to another. Do not get confused with the routing. If the exporter has an Irish EORI number and the importer is in GB (with a GB EORI number) it is an export, even if it left a warehouse in NI or routed via Belfast. In the FLOW matrix above the start point is the initial country of despatch and the end is the point of importation.

CODE	Description of process (UK / EU version)	Est cost
EAD	**EXPORT DECLARATION**. In order to export goods you must put them under customs control, this is done by creating an EAD export declaration. It is also the control mechanism for zero rating VAT on the basis that goods are leaving the customs territory. EXS auto generated.	£30 / €40
ENS	**ENTRY SUMMARY DECLARATION.** Alerts the import border of your imminent arrival. It is not auto generated by another process as the import declaration, in many cases, can be done later whereas the ENS must be lodged at least 2 hours before you arrive at the border.	£15 or £5 if we are handling the import entry
IMP	**IMPORT DECLARATION**. Normally submitted electronically. Accounts for import duty and VAT in the destination country and also declares any additional trade measures such as export health certificate.	£35 / €55
TAD	**TRANSIT ACCOMPANYING DOCUMENT.** Two types of transit : UNION where goods are travelling from EU to EU via UK (no export or import required) and COMMON where goods are passing through the initial border un-cleared with customs clearance taking place inland. Both transit procedures carry a risk and you may be required to pay a deposit to cover the bond.	£45 / €65 plus % deposit
EHC	**EXPORT HEALTH CERTIFICATE.** Most POAO (products of animal origin) require an EHC. An EHC must be issued by the exporter and endorsed by an authorised vet prior to despatch.	Arranged by exporter
PHYTO	**PHYTOSANITARY CERTIFICATE**. If an EHC is for products of animal origin then consider phyto is for products of plant origin. Again it should be issued by the exporter and endorsed by the appropriate authority.	Arranged by exporter
TRACES	Online tracking and control system for EHC and phyto movements. The export movement is registered and the BCP (Border Control Post) nominated. Submission of the TRACES entry generates a document reference number which should be declared on arrival at the BCP.	£25.00 unless done by exporter
IPAFFS	Import of products, animals, food and feed system in to UK must be registered in IPAFFS. Consider it the UK version of TRACES. So EU export will be on TRACES and UK import on IPAFFS	£15.00 unless done by importer
BCP	**BORDER CONTROL POST** (previously referred to as a BIP). Goods covered by EHC or phyto must be presented at the BCP when they first enter the Customs territory. Be aware that there is normally a charge levied by the BCP of around €50 per consignment to be checked.	c.€50.00 charged by BCP
DUTY	Duty rates in EU and/or UK are not yet set, they might be nil. Information not likely until Q3 2020 at the earliest. If duty is payable it will require a deferment account with customs to pay. If importer has own deferment there is no charge. If agent deferment is required, charges apply and payment will normally be required in advance.	Nil or c.3% of amount paid

FLOW	EAD	ENS	IMP	TAD	EHC	PHYTO	TRACES	IPAFFS	BCP	DUTY
UK to **EU**	✓	✓	✓	Probably	✓	✓	✓		✓	✓
EU to **UK**	✓	✓	✓	Optional	✓	✓	✓	✓	✓	✓
EU to **EU**				✓	✓	✓	✓		✓	

What constitutes a declaration/consignment? In simple terms, from one EORI number to another. EORI number is the official unique code for the exporter or importer. Quite normal, for example, to have one export EORI with multiple deliveries in UK, but if UK is all consigned to same [UK] EORI number then it is one consignment in customs terms and therefore one export declaration and one import. The number of deliveries is not relevant in this case.

What constitutes an export? Goods leaving one customs territory and going to another. Consider that an export declaration in one territory requires an import declaration in another. Union transit from EU to EU via UK is NOT an export and therefore does not require an import declaration. The transit allows the goods to enter UK without import documentation and leave again without an export declaration.

www.eori.uk

Prices are given as an indication only and do NOT constitute a quotation – information accurate at time of issue, May 2020. Items such as the cost of certificate of origin or preference certificates are not considered here as only relevant in the event of a trade agreement between UK and EU. Where £ and € prices are shown this indicates the territory in which the declaration is being made, ie an import declaration in UK may be £35 whereas an import declaration in EU may be circa €55

Just in time is not about speed!

One last item (for now) that we would like to bring to you attention; just in time is not about speed! It is about predictability. Once you can predict your supply line you can roll back your order and production process and thereby create a 'just in time' supply chain. Having a regular delay of two hours (for example) does not change the concept of just in time but it does change the shape of it. Having an unpredictable delay makes just in time almost impossible.

Eurotunnel are more popular with just in time flows than the ferries. Not because the shuttle travels at 85mph (compared to 22knots) but because:-

1. There are more departures per hour
2. There is less traffic (Eurotunnel work hard not to over-sell their available capacity)
3. The crossing is less susceptible to weather delays
4. Traffic flows are predictable even in a 'turn-up-and-go' environment

We used to explain Eurotunnel (compared to the ferry) as such : cup your hands under a dripping tap, once your palms are full of water, release your hands. That is the ferry concept. Now remove your hands altogether, that is Eurotunnel. They might both move 100 trucks in an hour but with the ferry they all arrive at once, whereas with the tunnel truck number one is already in the UK before truck number 100 has left. That is 'just in time' : predictable, reliable and capable of being confidently modelled in to the production/supply line.

May 2020

Committee on the Future Relationship with the European Union

House of Commons, London, SWlA OAA

Email: freucom@parliament.uk Website: www.parliament.uk/freucom

07 May 2020

Robert Hardy
Founder
Customs Clearance Consortium

Dear Mr Hardy,

The House of Commons Committee on the Future Relationship with the European Union is inquiring into the progress of the negotiations between the UK and the EU. Under normal circumstances, the Committee holds regular oral evidence sessions in Westminster. However, measures to prevent the spread of the coronavirus make this difficult.

The Committee is keen to gather as much evidence as possible to inform its deliberations so I am writing to you to ask whether you would be willing to help us with our work by making a written submission. We welcome general responses to our call for evidence, which was published on 4 March. We also hope that you would be willing to answer the more specific questions set out below on issues that fall within your area of expertise. Submissions need not address every bullet point and can include other matters that you think are relevant to the negotiations and should be drawn to the attention of the Committee.

- What do you expect customs and import/export clearance arrangements to look like after the Transition Period? What procedures, administration and controls do you expect to change? What impact will changes have on current border customs systems and how prepared is the sector to make these changes?
- What impact has the Coronavirus pandemic had on wider preparedness for new customs border arrangements and what support could be offered the help the sector adapt?
- What additional sanitary and phytosanitary procedures and regulatory checks may be required on goods moving between the UK and the EU? What impact could these new requirements have on trade flows and supply chains? What steps could both sides take to reduce these requirements?
- What must the Government, ports and businesses do between now and the end of the Transition Period if the new arrangements are to work successfully? What lessons can be learned from current practices trading beyond the EEA?
- Do all checks have to take place at the border? What impact will changes have on current border customs systems and how prepared is the sector to make these changes?
- What infrastructure will be required to facilitate the new customs and clearance arrangements? How soon can this be put in place? How should such changes be funded?
- Will the arrangements be different if the Transition Period concludes without a deal between the UK and the EU? What would be the main challenges of this outcome? How prepared is the sector to deal with this?
- The Government anticipates that an additional 50,000 customs officers will be required to oversee the post-Transition arrangements. How many of these additional officers have been recruited, trained and deployed? How many do you expect will be in place by the end of 2020?
- To what extent has the Government sought your views on the customs border arrangements it is pursuing? Have your views been suitably represented? How does the Government update your sector on the outcomes of negotiating rounds?

The Committee staff will be happy to discuss the inquiry, any issues raised, or the process for submitting written evidence. You can contact them at freu@parliament.uk.

Yours sincerely,

Hilary Benn
Chair of the Committee