



Northern Ireland and Customs: Implications of the Northern Ireland Protocol

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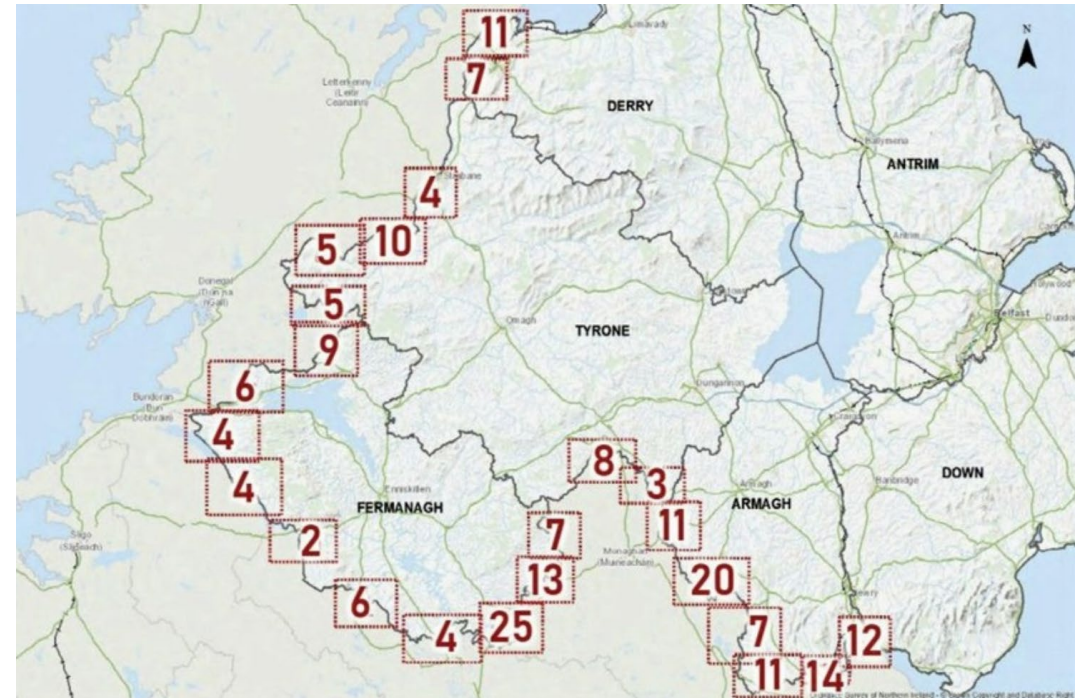


- ✿ What will change under the NI Protocol?
- ✿ Customs implications of leaving the EU Single Market and Customs Union
- ✿ Potential documentation requirements and checks for NI importers
- ✿ Potential requirements for NI exporters including a transit of goods to EU via GB
- ✿ How would the future relationship impact the border?
- ✿ What can businesses do to prepare?
- ✿ Q&A/Discussion

What will change under the NI Protocol



- ❁ Negotiating the Withdrawal Agreement: the border conundrum and the invisible border
- ❁ The NI Protocol: Schrodinger's border
- ❁ The unique status of Northern Ireland under the Protocol
- ❁ What happens on the 1st of January 2021?



Source: The Irish News, 21 June 2018

Customs implications of leaving the EU Single Market and Customs Union



- ✿ Full customs and regulatory border will be in place on 1 January 2021
- ✿ This will not be “border as usual”
- ✿ It will be an unprecedented border for several reasons:
 - Likely to be asymmetrical
 - Completely new processes will need to be implemented
 - Still very politically sensitive
- ✿ What about trade deals and quotas?



“No customs duties shall be payable for a good brought into Northern Ireland from another part of the United Kingdom by direct transport, notwithstanding paragraph 3, unless that good is at risk of subsequently being moved into the Union, whether by itself or forming part of another good following processing (para 5.1)”

“A good brought into Northern Ireland from outside the Union shall be considered to be at risk of subsequently being moved into the Union unless it is established that that good:

(a) will not be subject to commercial processing in Northern Ireland; and

(b) fulfils the criteria established by the Joint Committee in accordance with the fourth subparagraph of this paragraph.”

The Northern Ireland Protocol, Paragraph 5.2



- ❁ Joint Committee and the need to determine goods at risk: 1) by tariff line, 2) by product or shipment, 3) by company

- ❁ Differences in interpretation between the EU and the UK need to be resolved quickly because:
 - Businesses need clarity on whether tariffs will be due (tariffs are a cost to the bottom line)
 - It's a completely new procedure
 - Likely to involve additional steps and paperwork (administrative burden)

- ❁ Differences in perspective on border formalities and lack of border operating model

Potential documentation requirements and checks for NI importers



- ✿ Entry declarations
- ✿ Customs declarations
- ✿ Other documentation depending on the type of product (SPS goods)
- ✿ Transport and commercial documentation
- ✿ Documents required to prove destination?
- ✿ Documents required to prove origin?
- ✿ Customs Declarations System



“Customs duties levied by the United Kingdom in accordance with paragraph 3 are not remitted to the Union. Subject to Article 10, the United Kingdom may in particular:

(a) reimburse duties levied pursuant to the provisions of Union law made applicable by paragraph 3 in respect of goods brought into Northern Ireland;

(b) provide for circumstances in which a customs debt which has arisen is to be waived in respect of goods brought into Northern Ireland;

(c) provide for circumstances in which customs duties are to be reimbursed in respect of goods that can be shown not to have entered the Union; and

(d) compensate undertakings to offset the impact of the application of paragraph 3.”

The Northern Ireland Protocol, Paragraph 5.6

Potential requirements for NI exporters including a transit of goods to EU via GB



Command Paper, Paragraph 19:

- No import customs declarations as goods enter the rest of the UK from Northern Ireland;
- No entry summary ('safety and security') declaration as goods enter the rest of the UK from Northern Ireland;
- No tariffs applied to Northern Ireland goods entering the rest of the UK in any circumstances;
- No customs checks;
- No new regulatory checks;
- No additional approvals required for placing goods on the market in the rest of the UK; and
- No requirement to submit export or exit summary declarations for goods leaving Northern Ireland for the rest of the UK.



- ✿ Unfettered access
- ✿ UCC limitations
- ✿ Special conditions
- ✿ Transit

How would the future relationship impact border procedures?



- ✿ The consent mechanism
- ✿ The UK-EU trade agreement
- ✿ Regulatory divergence

What can businesses do now to prepare?



- ✿ The importance of customs data
- ✿ Working with third-party providers
- ✿ Familiarity with customs procedures and terms
- ✿ Upskilling your team



Business checklist:

- ❁ Supply chains (your customs footprint): What goods are you moving across future customs borders? How often/ what volumes? Are they time-sensitive (i.e. just-in-time, perishable)? Do you want to maintain them? Where are your goods going to?
- ❁ In-house capacity: Do you have people in the team with customs knowledge? Do you need more staff?
- ❁ External customs providers: Do you have a customs broker or a freight forwarder? Are they willing to provide additional services? Can you negotiate prices? Can you find a new provider? Review your contracts and ensure you are clear on liability. Do you need a customs guarantee or a deferment account?
- ❁ Knowledge of customs basics: Do you know how to classify your goods? Do you know how to establish customs value?
- ❁ Gathering customs data: Can you start collecting information about your products and trade lanes? Which team currently owns the right data? Where within the team should customs data be held?

Q&A/Discussion