

# EU Exit and Customs

BIFA Customs Policy Group  
6 July 2017



# Timeline

- 23 June 2016 – Referendum on the United Kingdom’s membership of the European Union (Referendum)
- 17 January - The government's negotiating objectives for exiting the EU: PM speech (Lancaster House Speech)
- 2 February - The United Kingdom’s exit from and new partnership with the European Union White Paper (White Paper)
- 29 March - Prime Minister’s letter to Donald Tusk triggering Article 50 (Article 50 letter)
- 29 April - European Council (Art. 50) guidelines following the United Kingdom's notification under Article 50 TEU (European Council Guidelines)
- 19 June – First official negotiating meeting (Negotiations)
- 21 June – Queen’s Speech 201 (Queen’s Speech)

# Referendum



# Lancaster House Speech

- “Britain will not be part of the Common Commercial Policy nor bound by the Common External Tariff. **We will therefore no longer be part of the Customs Union.**”
- “**Britain will also no longer be a member of the EU Single Market.**”
- “Instead, the UK will pursue a new strategic partnership with the EU, including an ambitious and comprehensive **Free Trade Agreement** and **new customs agreement**. This will seek to ensure that cross-border trade with the EU is **as frictionless and seamless as possible.**”



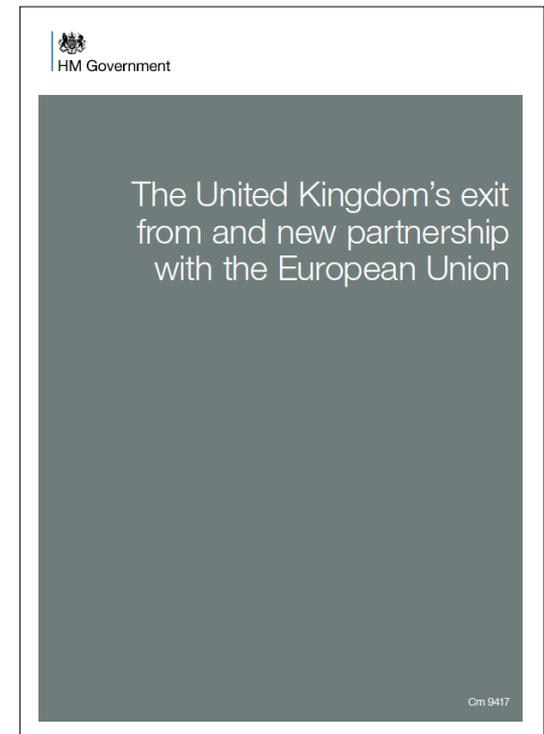
# UK Negotiating Objectives

1. Certainty
2. Control of our own laws
3. Strengthen the Union
4. Maintain the Common Travel Area with Ireland
5. Control of Immigration
6. Rights for EU nationals in Britain, and British nationals in the EU
7. Protect workers' rights
8. **Ensure free trade with European markets**
9. New trade agreements with other countries
10. The best place for science and innovation
11. Co-operation in the fight against crime and terrorism
12. A smooth, Brexit



# White Paper

- **‘8. Ensuring free trade with European markets – We will forge a new strategic partnership with the EU, including a wide reaching, bold and ambitious free trade agreement, and will seek a mutually beneficial new customs agreement with the EU.’**
- ‘Our new relationship should aim for the freest possible trade in goods and services between the UK and the EU. [...] This should include a new customs agreement with the EU, which will help to support our aim of trade with the EU that is as frictionless as possible.’

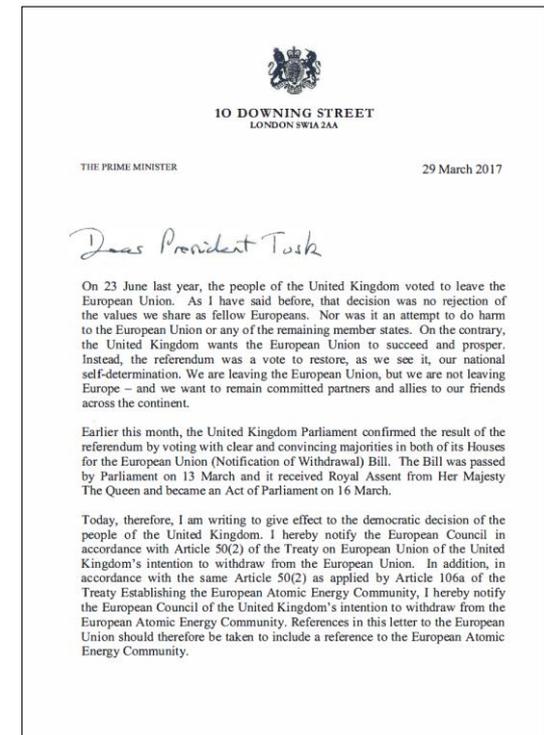


# ‘A mutually beneficial new customs arrangement’

‘The UK is currently a member of the EU’s Customs Union. As we look to build our future customs relationship with the EU and the rest of the world, we start from a strong position. As a large trading nation, we possess a world-class customs system which handles imports and exports from all over the world. We already have highly efficient processes for freight arriving from the rest of the world – the vast majority of customs declarations in the UK are submitted electronically and are cleared rapidly. Only a small proportion cannot go through so rapidly, for instance where risk assessment indicates that compliance and enforcement checks are required at the border.’

# Article 50 Letter

- ‘We are leaving the European Union, but we are not leaving Europe - and we want to remain **committed partners** and allies to our friends across the continent.’
- ‘The United Kingdom wants to agree with the European Union a **deep and special partnership** that takes in both economic and security cooperation.’
- ‘[T]he United Kingdom **does not seek membership of the single market**: we understand and respect your position that the four freedoms of the single market are indivisible and there can be no "cherry picking".’



# Article 50 Letter – Implementation Period

- ‘We should work together to **minimise disruption** and **give as much certainty as possible.**’
- ‘In order to **avoid any cliff-edge** as we move from our current relationship to our future partnership, people and businesses in both the UK and the EU would **benefit from implementation periods** to adjust in a smooth and orderly way to new arrangements. It would help both sides to minimise unnecessary disruption if we agree this principle early in the process.’



# Article 50 Letter – Northern Ireland and FTA

- ‘The Republic of Ireland is the only EU members state with a land border with the United Kingdom. **We want to avoid a return to a hard border between our two countries.**’
- “[W]e also propose a **bold and ambitious Free Trade Agreement** [and] as the UK is an existing EU member state, both sides have regulatory frameworks and standards that already match. We should therefore prioritise how we manage the evolution of our regulatory frameworks to maintain a **fair and open trading environment.**’

# European Council Guidelines

- ‘[T]he Union's overall objective in these negotiations will be to preserve its interests, those of its citizens, its businesses and its Member States.’
- ‘[N]othing is agreed until everything is agreed, individual items cannot be settled separately.’
- ‘The main purpose of the negotiations will be to ensure the United Kingdom's orderly withdrawal so as to reduce uncertainty and, to the extent possible, minimise disruption caused by this abrupt change.’



European Council

Brussels, 29 April 2017  
(OR. en)  
EUCO XT 20004/17

BXT 10  
CO EUR 5  
CONCL 2

**COVER NOTE**

From: General Secretariat of the Council  
To: Delegations  
Subject: Special meeting of the European Council (Art. 50) (29 April 2017)  
- Guidelines

Delegations will find attached the guidelines adopted by the European Council<sup>1</sup> at the above meeting, following the United Kingdom's notification under Article 50 TEU.

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<sup>1</sup> Following the notification under Article 50 TEU, the member of the European Council representing the withdrawing Member State shall not participate in the discussions of the European Council or in decisions concerning it.

EUCO XT 20004/17

EN

# European Council Guidelines - Phases

- ‘To that effect, the **first phase** of negotiations will aim to:
  - provide as much clarity and legal certainty as possible to citizens, businesses, stakeholders and international partners on the immediate effects of the United Kingdom's withdrawal from the Union;
  - settle the disentanglement of the United Kingdom from the Union and from all the rights and obligations the United Kingdom derives from commitments undertaken as Member State.

The European Council will monitor progress closely and determine when sufficient progress has been achieved to allow negotiations to proceed to the next phase.’

- ‘[A]n overall understanding on the framework for the **future relationship** should be identified during a **second phase** of the negotiations under Article 50 TEU.’

# Negotiations

- ‘We recognise how important it is to provide business, the public sector and the public with as much certainty as possible. So ahead of, and throughout the negotiations, we will provide certainty wherever we can. We will provide as much information as we can without undermining the national interest.’ (White Paper)
- “I’m here in Brussels today, to begin the next phase of our work to build a new, deep and special partnership with the European Union.” (David Davis)
- “The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty.”  
(David Davis quoting Churchill)



# Queen's Speech

- 'My government will seek to maintain a deep and special partnership with European allies and to forge new trading relationships across the globe. **New bills on trade and customs will help to implement an independent trade policy**, and support will be given to help British businesses export to markets around the world.'
- 'Provide new domestic legislation to replace EU customs legislation and modify elements of the indirect taxes system. This will allow the UK to operate standalone customs and indirect taxes regime on exit from the EU, whatever the outcome of the negotiations.'



# Customs Bill - Benefits

## **‘The main benefits of the Bill would be:**

- To allow the Government to operate standalone domestic customs and indirect taxes regimes when the UK leaves the EU, whatever the outcome of negotiations. The Bill will allow the UK to continue to provide a world-leading customs service after the UK exits the EU. In order to provide continuity for businesses, the customs legislation will mostly be based on existing EU law.’



# Customs Bill - Elements

## ‘The main elements of the Bill are:

- To provide a domestic legislative framework allowing the Government to:
  - charge customs duties on imported goods and adjust the rates of these duties;
  - collect payments of customs duties, administer the customs regime, and tackle duty evasion;
  - control the import and export of goods;
  - accommodate potential negotiated arrangements with the EU.’

