

**Private and Confidential**

## **Minutes of the Customs Policy Group Meeting**

Minutes of the Customs Policy Group Meeting held at The Baltic Exchange, 38 St Mary's Axe, London, EC3 8BH. The Meeting was held on the 28/11/2018 commencing at 10.30 hours.

### **Agenda Point 1. Competition Statement**

The Chair read out the Competition Statement at the start of the meeting

### **Agenda Point 2. Apologies for absence**

### **Agenda Point 3. Agree the Minutes of the meeting of 19/09/2018**

The Meeting agreed that the Minutes were a true and accurate account of the previous meeting.

### **Agenda Point 4. Matters arising from the meeting of 19/09/2018**

No points were raised

### **Agenda Point 5. BIFA Training Update**

The Group was informed that the apprenticeship programme was progressing well and the training department is working according to schedule.

Members were briefed on the government programme to spend GBP 8 million in order increase capacity within the customs intermediary sector. Members were informed that the portal handled by PwC was going to be launched on 04/12/2018.

### **Agenda Point 6. Customs Policy and Brexit Updates**

The group were briefed on the main elements of the Withdrawal Agreement between the EU and the UK. The main points being:

- Agreed transition period until the end of 2020
- A one-off possibility of an extension of the transition period on a 1-or 2-year basis
- EU legislation would apply to the UK during the transition
- Backstop arrangement for Northern Ireland would be initiated should there be no agreement for future partnership guaranteeing a frictionless border between

Members additionally raised their concern about the requirement for NDAs which inhibited internal discussion and exchange of thoughts and ideas. The meeting was informed this matter had already been raised with authorities.

Members were also briefed on policy changes relative to the requirement to include reference amount on NCTS movements (more details under AG 8).

## **Agenda Point 7. TRACES Replacement / DEFRA Presentation**

The Meeting was informed that contingency planning is the main priority for DEFRA and FSA. Substantial business change activities are underway with Importers, Import Agents and Port Health Authorities to look at capacity within BIPs and recruitment and training needs. Manual procedures in case unavailability of appropriate systems are also considered. Members were updated on the development of the Import Notification System (INS) aimed at replacing currently used TRACES. The system, which would be immediately required in a no-deal Brexit scenario is undergoing a phase of testing which should be completed by the end of December. A model office will be established in Carlisle for the purpose of testing. Training and guidance will be provided to all current users of TRACES from January 2019 to ensure that users are equipped to use the system. Members were informed that a partnership pack was being developed and a FAQ document would be published to help importers and exporters. Members were assured that foods products would not be subject to additional checks on assumption that UK rules will differ from EU rules on Day 1 however EU's reciprocal arrangements are not known at this moment. Also different rules may be applied to goods in transit.

It was confirmed that the UK had already applied to be listed a third country and was currently awaiting response. 300% increase in the number of certificates was also mooted (subject to future arrangements).

## **Agenda Point 8. Policy Team Visit**

Members were informed that would be changes to the current NCTS process and a guarantee reference amount would need to be declared on transit declarations. The amount would need to be calculated on the basis of value, commodity and the destination country taxation arrangements. Movement of goods in temporary storage would be subject to a different regime and would not need a reference amount to be declared.

The implementation schedule of this new requirement was dependent on a number of factors and was linked to the Brexit situation and potential mutual arrangements. It was confirmed that test software was already available. Members asked whether annual review of CCG usage was still going to be required if the usage was monitored on an ongoing basis but it was not confirmed in the meeting.

Members once raised the issue of CIP 10 which limits the way freight forwarders and customs agents can use their own special procedures authorisations. The Meeting didn't contest the legal basis of the proposed changes but highlighted the practical implications of a short transition during which the Special Procedure authorisation holders must obtain their own authorisation to use simplified procedures. This change was also put in the context of Brexit and concerns about capacity for clearance at the border. The Meeting agreed to submit a message to Policy detailing their concerns.

## **Agenda Point 9: CDS Update (Release 2 + Inventory linking)**

The meeting was updated on the latest developments within the CDS programme. It was indicated that Release 2 would commence from the end of November and Type Y declarations had been submitted to the system successfully. The meeting was informed that the details of Release 2 import functionality drops were to be provided shortly. The aim was to move approximately 135 importers onto CDS before the end of March. Members however raised their concern about lack of on the actual state of development of the project which was viewed as unhelpful for both authorities and trade. Issues related to the testing environment provided by HMRC slowing down development on inventory linking were also reported.

It was suggested that GOV.UK content should be updated to reflect the current Release 2 status. On EU exit the meeting was informed that CHIEF would also be upscaled and would be able to handle up to 300 million declarations and up from 13 to 48 declarations per second. Members were

also informed that BIFA in cooperation with AFSS would publish and distribute a guidance on migration to CDS.

**Agenda Point 10**

The next meeting will be held on the 24<sup>th</sup> of January 2019 at the Baltic Exchange.

**Action Point 1:**

Members will send their policy related questions/concerns/enquiries to the Secretariat to be collated and sent in one document to Policy

Signed: - .....(Chair)

Dated: - .....