

Meeting Minutes

Customs Policy Group Meeting held via MS Teams
12th May 2022

Agenda item 1 - Competition Statement

BIFA's Competition Statement as detailed on the Agenda was read out by the Chair at the start of the meeting.

Agenda item 2 – Progress on CDS implementation HMRC/Trade views.

The Chair thanked HMRC for attending the Customs PG meeting. There followed a long discussion regarding CDS, which demonstrated a lack of understanding between HMRC and Trade relative to CDS. Trade is dissatisfied with the system as delivered and does not believe that it meets with its requirements. On the other hand, HMRC believes that it has delivered an operational system and it is a case of implementing it.

The Chair emphasised that industry was aware and trying to prepare for the new system, many were engaged in implementing CDS, but were encountering issues. The reality of the situation is that parts of the system function, but at the moment not all constitute parts function in unison.

In addition, the sector was trying to deal with all the problems stemming from GVMS etc. On behalf the Members the Chair advised:-

- That the system needed additional development to ensure consistency and stability
- Trade needed more time to prepare
- Importers were not prepared or in some cases aware of the new system

CDS is proving “clunky” with new users encountering difficulties creating their own Government Gateway accounts. There is a clear “tension” between the new system, the government dashboard and also the Tariff. The fact that CDS is not fully developed in an operational sense is indicated by the number of work arounds which have been introduced, some of which run counter to what is contained in the tariff.

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Setting up deferment accounts on the government dashboard and related authorisations is proving difficult for traders of all sizes :-

- Smaller importers do not fully understand what is required
- Within larger ones there was difficulty identifying who controlled a traders access to the Government Gateway account etc

Trade produced the following examples of specific problems:-

- The TDR and live system did not always function in the same way
- All customs agents had experienced issues with simplified IPR
- In Northern Ireland, preference for imports was not available- the guidance was to pay the duty and then reclaim it.
- Only one of the six valuation methods were currently uploaded in CDS.

Another common observation of HMRC was that :-

- It was difficult to initially contact the CDS helpdesk, communication is only by e-mail
- Slow in responding to enquiries (trade is dealing with real time enquiries about shipments, many of which may be temperature controlled etc)
- Information provided back by the department is contradictory on occasion

Also, there was criticism that there had been a lack of consultation regarding key operational functions. Trade was shocked by the fact that it was not possible to change the method of payment as there is in CHIEF, when a traders account has exceeded its limit. This is going to delay clearance, which particularly in the RoRo environment is going to add cost and delay. It should be remembered a few hour delay at one point in a journey can multiply into many hours allowing for missing ferry crossings etc.

In response, HMRC advised that the timescales to closing CHIEF to new declarations for imports and exports were "not movable". However, the Department was increasing engagement with Trade as a method to accelerate the migration from CHIEF to CDS.

It was noted that HMRC had finalised phase 1 of its communications strategy. The

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Department was moving on to Phase 2. This would include:-

- Additional guidance
- Arranging webinars
- Short meetings focussing on specific topics
- Increasing their capacity to respond to CDS related enquiries.

The Chair summarised the situation :-

- Industry was concerned at the lack of preparedness by all parties who would need to make CDS function correctly at the frontier
- It was not felt that the timelines were achievable and an extension to the closing of CHIEF to 31st March 2023 for both import and export entries must be considered
- In particular there was concern that not all elements of CDS worked in unison
- Trade should be involved in any contingency planning

There was a significant difference of opinion between Members about whether CDS was sufficiently developed to be used in a “live” working environment. Some Members strongly believed that it was not ready for deployment. Others believed that from an IT perspective a working system had been made available to trade by HMRC and that it was only by using it in a live environment that the problems could be resolved.

HMRC noted Members comments and assured the Group that these would be fed back to senior management within the Department.

Agenda item 3 – Agree the Minutes of the Meeting of 10th February 2022

These were agreed by the Customs PG as being an accurate reflection of the meeting. The Chair requested that the BIFA Secretariat sign them.

Agenda item 4 – Matters arising from the Meeting of the 10th February 2022

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There were two matters arising from the Minutes :-

- The meeting between GVMS IT Team and the Customs Policy Group had been facilitated. Many of the ideas suggested by the forwarding community were being developed to resolve system issues but regrettable timescales were not set.
- Information about the consultation regarding Border 2025 project had been circulated to Members and their involvement encouraged.

Agenda item 5 – GVMS related issues and updates.

GVMS is still causing the freight forwarding sector problems . The haulier was a key element of the system, and all other entities were heavily reliant on the road operator fulfilling their role to ensure compliance.

BIFA had been in contact and HMRC had satisfactorily explained the legality of the latter's decision to use ANGA to overcome the issue of "non-arrived" imports. The meeting noted that capacity was being reduced and costs increased in the sector due to the need to add additional checks to ensure that freight had been arrived and cleared.

The consensus of the meeting was that problems relating to non-compliant imports in the RoRo environment stemming from GVMS issues had diminished. Most attendees agreed that between 15 and 20% of all shipments using the pre-lodgement model in RoRo had to be manually arrived via the ANGA process.

Discussion then turned to the "hybrid model" used at inventory linked ports- which caused significant confusion as to the appropriate process to be used Pre-lodgement v Temporary Storage

BIFA was regularly engaging with HMRC on GVMS related issues, agreement had been reached to certain technical improvement as detailed in the Slidedeck. No target dates for implementation beyond "this financial year" had been established, the Association is

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engaging on this point. On a wider front HMRC had established a “Task and Finish” Sub-Group of the JCC to look at issues with the system.

There was concern about how successful it would be to link CDS declarations to the GMR via GVMS.

Agenda item 6 – Training updates.

Most online BIFA courses delivered in person were booked up approximately 2 months in advance. In the summer of 2022, some “in person training” would be held.

At the time of the meeting approximately 1000 trainees had been enrolled of the CDS online course, and 300 had completed it. However, BIFA was experiencing an increasing number of requests for assistance in completing the customs declaration reflecting the increased complexity of CDS and the new Tariff when compared to CHIEF.

Agenda item 7 – Any other Business

Discussion returned to CDS; it was agreed that ongoing engagement with HMRC was important. A strong view was expressed that CDS functionality was lacking, and a delay to closing CHIEF to new import/export declarations must be requested.

The counter view was that in a sense that CDS did work because it could send/receive messages between agents software and the appropriate CSP. It was agreed that systems did not always work in a consistent manner, but the only way to identify and resolve issues was by using the system in an operational environment.

Industry was concerned that HMRC believed that the CDS programme was completed. The Customs PG’s view was that HMRC had failed to understand that for the forwarding sector that their work in turning an IT project into a working operational system was only just beginning..

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Agenda item 8 Date and venue of next meeting

The meeting will adopt a hybrid format to be held on the 28th June at ETC Venues, Chancery Lane, London.

Declaration

Signature:

Print Name:

Date: