

# Future customs arrangements

## | a future partnership



### Summary of UK Government's Position Paper *Future customs arrangements: a future partnership*

The UK Government is seeking a new customs arrangement between the UK and the EU that will facilitate free and frictionless trade.

#### **Customs**

The paper outlines two broad approaches to a future customs relationship which should mitigate against any additional administrative burdens or delays.

1. **A highly streamlined customs arrangement** between the UK and the EU, with simplified requirements. This would aim to:

- continue some of the existing arrangements between the UK and the EU;
- put in place new negotiated and potentially unilateral facilitations to reduce and remove barriers to trade;
- implement technology-based solutions to make it easier to comply with customs procedures.

This approach involves utilising the UK's existing tried and trusted third country processes for UK-EU trade, building on EU and international precedents, and developing new innovative facilitations to deliver as frictionless a customs border as possible.

The paper also presents examples of how the Government would facilitate trade across the border between Ireland and Northern Ireland, for example:

- Simplify the requirements for moving goods across borders
  - Options to reduce the pressure and risk of delays at ports and airports
  - Contribute to the wider safety and security agenda
  - Reduce the time and costs of complying with customs administrative requirements through exploring the viability of unilateral measures, primarily in respect of imports
2. **A new customs partnership with the EU** that removes the need for a UK-EU customs border. One potential approach would involve the UK mirroring the EU's requirements for imports from the rest of the world, where the final destination is the EU. This is of course unprecedented as an approach and could be challenging to implement. The Government will look to explore the principles of this with business and the EU.

The paper notes that under either approach, both the UK and EU Member States would benefit from time to fully implement the new customs arrangements, in order to avoid a cliff-edge for businesses and individuals on both sides. The Government believes a model of close association with the EU Customs Union for a time-limited interim period could achieve this.

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### Trade Relationships

The UK wants to forge new and ambitious trade partnerships in Europe and around the world and will look to:

- **Boost trade relationships with both old friends and new allies** seeking continuity in existing trade and investment relationships, including those covered by EU Free Trade Agreements or other EU preferential arrangements.
- **Support the rules-based global trading system**, taking up their independent seat at the WTO and updating the terms of their WTO membership, and preparing schedules that replicate, as far as possible, current obligations.
- **Ensure businesses are protected from unfair anti-competitive practices** and act swiftly to ensure that trade remains fair and markets are kept open.
- **Maintain high level of standards and protect public services** to ensure high standards for consumers, employees, the environment and animal welfare. Also ensure that decisions about how public services, including the NHS, are delivered are made by UK government and not by trade partners.
- **Make trade work for everyone**, aligned to the Industrial Strategy which aims to ensure the value of trade is more widely shared.
- **Support developing countries to reduce poverty through trade**, maintaining current access to UK markets for the Least Developed Countries (LDCs), and aiming to maintain the preferential access of the remaining (non-LDC) developing countries, including those countries with established Economic Partnership Agreements.
- **Make trade more transparent and inclusive**, proving business, trade unions, civil society, Parliament, the devolved administrations, local government and the public at large, together with the governments of the Overseas Territories and Crown Dependencies, the opportunity to engage with and to contribute to trade policy.

The paper further underlines the UK Government's commitment to avoiding a hard border between Northern Ireland and Ireland.

### Delivering new arrangements and providing certainty and stability for business

The paper presents the rationale for agreeing an interim period that would:

- Provide the necessary time for both the UK and EU Member States to implement any agreed long term solutions, and put in place facilitations and technology-based solutions to make the customs regime as smooth as possible for importers and exporters; and
- Ensure that businesses, intermediaries and other third parties in the UK and the EU have the necessary time to implement the new arrangements, thereby providing businesses with certainty and enabling a smooth transition.

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### Implementation and business readiness

The UK's priority is to negotiate future customs arrangements with the EU, which will:

- Support the economy by making international trade as quick and easy as possible, including for cross-border supply chains which have driven the global trading environment in recent years;
- Minimise the costs for businesses of complying with customs processes, including rules of origin, as far as possible, while bearing down on avoidance and evasion and making it easier for customers to reduce error and pay the right tax;
- Support the speed and efficiency of customs processes at the border, which is particularly important for just-in-time supply chains and businesses trading perishable goods such as food;
- Contribute to ensuring safety and security at the border, striking the right balance between security and supporting the smooth flow of goods; and
- Ensure continuity, where possible, with the UK's current customs rules and processes, which align with the EU's Union Customs Code.

The UK Government will require new domestic customs legislation as well as the VAT and excise regime by March 2019. It intends to bring forward a Customs Bill which will give it the powers to operate standalone customs, VAT and excise systems.

Without any further facilitations or agreements, the UK would treat trade with the EU as it currently treats trade with non-EU countries. Customs duty and import VAT would be due on EU imports. Traders would need to be registered. Traders exporting to the EU would have to submit an export declaration, and certain goods may require an export licence. The EU would also apply the customs rules and VAT to imports from the UK that it applies to non-EU countries.

The Government is actively considering ways in which to mitigate the impacts of such a scenario. Other EU Member States will also need to make contingency preparations to mitigate the risk of delays resulting from their own customs processes.

It will also seek to recognise the unique circumstances of Northern Ireland and aim to protect individuals and traders by making maximum use of the UK's flexibility in relation to the operation of the border. As elsewhere, the processes on the other side of the border would be constrained by the relevant requirements of EU law.

Full paper:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/637748/Future\\_customs\\_arrangements\\_-\\_a\\_future\\_partnership\\_paper.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/637748/Future_customs_arrangements_-_a_future_partnership_paper.pdf)