

Report of 62nd Meeting of Customs Consultative Committee 29th June 2016

Conference Room 2, Cross Blocks, Dublin Castle

Attendance:

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| Tony Buckley | Revenue Commissioners (Chair of CCC) |
| Owen Ryan | Revenue Commissioners |
| Susan Evans | Revenue Commissioners |
| Sean O Seaghadha | Revenue Commissioners |
| Tom McGrath | Revenue Commissioners |
| Declan O'Hora | Revenue Commissioners |
| John Nagle | Revenue Commissioners |

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| Norman Barry | Jenkinson Logistics |
| Malcolm Kirkby | Logistics and Freight Association of Ireland |
| John Dawson | Irish International Freight Association |
| Seamus Kavanagh | Irish International Freight Association |
| David Putt | Irish Shipping Agents Association |
| Niall Stobie | Irish Exporters Association |
| Simon McKeever | Irish Exporters Association |
| Declan Ivory | ICT Ireland |
| Brian Cotter | American Chambers of Commerce Ireland |
| Carol Lynch | Chambers Ireland |
| Adam Fitzsimons | Customs IT |
| Stephen Treacy | ICT Ireland |
| Nicky Duggan | Intel Ireland |
| John O'Loughlin | IBEC-PWC |

Apologies: Pat Ivory IBEC

Introduction by Chair

No formal agenda had been circulated for this meeting, which was convened, as agreed at our last normal meeting, in order to have a preliminary exchange of views following the UK referendum vote to exit the EU. Customs is of course a central concern in the process of Brexit, and it is Revenue's intention that the CCC will be the central route of interaction with trade on customs impacts, although of course we will also have to consult more widely. In terms of wider trade information and consultation, it is difficult to plan in the absence of an Article 50 announcement. After that, we will be in a position to hold one or more seminars for the trade. If the Article 50 process is delayed we will have to keep communications needs under review. In the circumstances, it was proposed to co-opt the British Irish Chamber of Commerce to CCC. This was immediately agreed by the meeting.

Regulations

For the information of the Committee, the Chair said that, following a review, there had been a change of position in relation to the making of regulations on reporting by vessels and aircraft. It had now been decided to make simple regulations imposing reporting requirements only on those carrying 3rd country goods. Adopting the simpler option for regulation will facilitate the early commencement of the Customs Act 2015, hopefully in a matter of weeks.

Brexit

I.T. – Revenue have begun preliminary planning to upscale our IT systems to cope with the increased volume of customs traffic that would result from a requirement for customs declarations for all UK imports and exports. We do not have detailed knowledge of the volume involved because of the absence of a border, and so are adopting a wide range – 100% to 200% increase – for planning purposes. One of the issues for us will be that we already have a very challenging programme of IT development in the context of UCC transitional arrangements. If we are to carry out two parallel programmes, it will be important for us to optimise the sequencing to avoid duplication of effort where possible.

One of the fundamental conditions for smooth operation of any new border will be significant improvements in the quality of data submitted. Revenue will explore possible initiatives to assist the trade in this regard, including pre-population, data checking and possibly offering training to new staff recruited by traders and agents.

Implications

Revenue's preference, and our design challenge in relation to a new border with UK is for an effective but practically invisible border. Apart from ports and airports, the land border would need a few customs facilitation



points where necessary physical examinations would be carried out and a full range of customs services provided. Shipments selected for checking could be directed to those points. Shipments which are "green-routed", that is, no inspection required, should be able to cross the border without hindrance. We do not want an extensive network of customs stations on the land border. General trade facilitation matters could be handled at existing Revenue offices.

A combination of electronic declaration and clearance systems and possible innovative systems, such as number plate recognition would be explored with the objective of achieving the desired free flow of traffic.

Risk

Regarding the risk element, we do not envisage impeding the flow of trade, but our ability to achieve this will depend on the overall quality of our risk management. We will need to develop risk models which enable us to have a demonstrably effective risk management, including a minimal number of border checks.

Threats and Opportunities

The potential for new third country competition for Ireland was identified. There was certainly a likelihood of additional costs for Irish companies shipping goods either across the UK, or to other countries from UK airports. On the other hand, some members identified possible opportunities for Irish airports.

The attendees generally welcomed the meeting and the fact that Revenue were proactive and had identified and have begun work on some issues of concern and were advised that as much information as possible should be submitted to the trade.

A further meeting will be held possibly in October after Article 50 has been invoked.

Q&A Session

Would haulage companies need to lodge guarantees/authorisations?

Revenue will do our utmost to avoid placing any additional costs on hauliers.

How will haulage from north to south and vice versa be affected?

They will continue to move as freely as possible, under systems of advance notifications.

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n relation to safety and security

(a) will Ro-Ro be brought into e-manifest

The issue is whether ferries are to be regarded as transporters of goods. It is questionable whether the ferries could provide detailed information on goods carried by vehicles on board. One possible solution would be to require the vehicle identification marks (number plate) only.

(b) Are ICS entries being made for goods from UK

Yes, ICS law requires it. We would research the scope for bi-lateral administrative arrangements and seek to avoid double entry. The quality of SADs and data is crucial.

This whole process will require staffing and training, do we advise agents of that now?

We cannot be sure of the length of time negotiations will take. However, we know that the development of IT systems and the process of putting people in place in the UK, here, and in other EU MS will take some time. At present we estimate that a period of three years from now could be required.

Simon McKeever, IEA added, it is important to know what each group is doing and what the implications of each model is. It is not just trade in north and south that is affected but UK is a huge thoroughfare. A risk assessment is important and we have advised traders to do that.

Is AEO certification for UK traders gone? Have they to be re-evaluated?

Not re-evaluated but recertified as third country suppliers.

Which model is best for Ireland? Free Trade Agreement based?

FTA still doesn't mean zero rate of duty. The Turkey model has some drawbacks. We do not have a fixed position at this stage but will research and consider the matter in detail. We must remember that, while open borders are very attractive, it is possible to envisage a situation where we would need to protect Irish agriculture or industry from UK goods or services because of differences between the EU external tariff and that of the EU. The position adopted by the UK will also colour the answer to the question. Overall, it is a very complex matter.

Regarding FTA's – tariffs, other trade policy measures, are the department of trade looking at them?

Yes, they are looking at level of goods and sectors

Will VAT be collected at import?

Yes but we will allow credit for input - deferred payments, guarantee arrangements. Customs Division are Liaising with Indirect Taxes regarding VAT and excise implications. We are aware that some traders don't have deferred payment arrangement and we will look into that.



Groupage containers entering via Antwerp and Ostend destined for Ireland currently complete an EDI but would they now have to complete detailed customs declarations?

At present an ENS is lodged at Antwerp as the Office of First Entry and the goods then travel to Dublin via Felixstowe, on arrival in Dublin port the goods are presented to Customs, if an Import declaration has been lodged in advance the goods are released for free circulation following the acceptance of the arrival notification and their presentation to customs. If the declaration has not been lodged the goods, as they are still non-union goods, are deemed to be in Temporary Storage and a Temporary Storage Declaration is required. The MRN of the ENS lodged in Antwerp is quoted in the Import Declaration (formerly the SAD), however if the time of presentation in Dublin is more than 14 days after the initial declaration in Antwerp a new ENS for safety and security is required.

If the UK are granted a status similar to the EFTA countries then the formalities at Antwerp will be the same, the goods are then placed under the Common Transit procedure and moved through the UK and on to Dublin with all the formalities above still being required, but at the very least it will involve extra cost to the importer.

If the UK are afforded the status of a third country then all bets are off, all the steps in above paragraph will be required plus whatever requirements the UK look for.

Prepared by Patrea Campion
July 2016

