



Freight Transport Association

Brexit Preparation

The View from Dublin

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The views expressed are personal, and do not represent the position of Government or any other body.

#KBT18



BREXIT is Unprecedented



- Brexit runs counter to 50 years of trade liberalisation (the Customs Union is 50 years old this year). It is unprecedented from a Customs perspective.
- Border control usually comes first, followed by trade, with controls, tariffs and restrictions built into business models.
- The world-wide trend towards free and facilitated trade has increased trade everywhere.
- Brexit threatens to impose a set of complex requirements onto a mature, open trading relationship.
- There is no precedent, and the number of variables is so great that it is not possible to reliably model the consequences.

Importance of Ireland-UK Trade to the two Countries					
HS Code	Description	Irish Ranking in UK Imports	Irish Ranking in UK Exports	UK Ranking in Irish Imports	UK Ranking in Irish Exports
1	Live animals	1	1	1	1
2	Meat and edible meat offal	1	1	1	1
3	Fish, crustaceans, molluscs etc	1	1	1	1
4	Dairy, eggs, honey	1	1	1	1
16	Meat, fish and seafood preparations	1	1	1	1
19	Cereal, flour, starch	1	1	1	1
27	Mineral oils, fuels	17	5	1	1
29	Organic chemicals	3	11	6	4
30	Pharmaceuticals	6	8	3	6
33	Essential oils, perfumes, cosmetics	4	1	1	2
39	Plastics and plastic products	8	3	1	1
48	Paper and paperboard, pulp	12	1	1	1
61	Apparel, knit or crochet	1	1	2	2
62	Apparel, not knit or crochet	21	2	1	1
71	Pearls, precious stones, metals, coins	32	19	3	2
84	Nuclear reactors, boilers, other machinery	11	6	3	1
85	Electrical and electronic equipment	5	3	1	2
87	Vehicles, not railway or tram	25	9	2	1
88	Aircraft, spacecraft and parts	14	29	7	3
90	Optical, photo, technical, medical equipment	10	8	2	6
99	Miscellaneous	20	2	1	1
All Trade in Goods		9	7	1	2
Percentage of External Trade		3.00%	5.50%	25.70%	13.80%

Customs Union and Single Market



- **Customs Union:** “..prohibition between Member States of customs duties...and the adoption of a common customs tariff in their relations with third countries” [Art 28(1) TFEU]
- **Single Market:** “ The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaties” [Art26(2) TFEU]
- **Role of Customs:** “supervision of the Union’s international trade...implementation of the external aspects of the internal market...and of other common Union policies having a bearing on trade, and to overall supply chain security” [Art 3 UCC]
 - For many regulations (human, animal, & plant health, security, quality standards, prohibited goods etc) checks are prescribed at the border, to be carried out as part of customs clearance.

Customs After Brexit?



EU models EU rules	EU, inc. EU Customs Union	Customs union agreements	FTAs	MFN
Customs pure (tariffs)	Common external tariff; no internal duties or controls required; friction-less trade	Common external tariff; no internal tariffs, no preferential RoO apply	Divergent external tariff; no internal tariffs, but MFN tariff if preferential RoO not met	MFN tariff
Customs related, sectorial rules (SPS, TBT, etc)	Common rules; no controls required; friction-less trade	Divergence in internal rules, including potentially, imply need for controls; mitigation requires mitigation of divergence	Divergence in internal rules, including potentially, imply need for controls; mitigation requires mitigation of divergence	Divergence in rules, including potentially, imply controls; mitigation requires multilateral mitigation of divergence

EU CUSTOMS

What do we prepare for?



- In General:

- Vulnerability of cross-border supply chains to additional cost and variable delay.
- Additional or changed regulatory requirements.
- Possible ongoing cost increases.
- Complication of logistics, transport rules.
- Transitional disruption.

- Ireland:

- Major sectoral risks.
- Vulnerable route to market across UK.
- Port congestion.
- On-line purchases.
- New “3rd country” concerns.
- Protection of Irish origin.
- Market authorisation and supply procedures.

When do we prepare?



- Transition Period

- January 2021 very close in terms of business planning.
- Some changes from March 2019.
- Transition dependent on Withdrawal Agreement – not assured.
- Mainly to allow business to prepare. Law can adjust quickly.

- Begin immediately:

- Examine supply chain vulnerability.
- Consider customs and regulatory options.
- Diversify if possible.

- Later:

- Register/authorise traders, public information, legal changes.

How do we prepare?



- Official & Services:

- Explore contingencies.
- Identify points of maximum impact and provide support.
- Minimise effect of control and regulation.
- Optimise administrative flexibility.

- Business

- Get advice and do the research.
- Ensure excellence of internal systems.
- Restructure to minimise exposure.
- Liaise with authorities to minimise complexity (especially transport operators).

Transport



- Transport operators, ports and airports are key to smooth movement.
- Costs of additional controls impact transport operators first.
- Simple, integrated (and automated) systems depend on complete information.
- Advance information is key – preferable if one entity takes responsibility.
- “Voluntary” submission of data can reduce controls.
- Need to segregate commercial from private traffic.
- Transport operators as customs agents?

Likely



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- Continued political uncertainty – last minute resolution.
 - Some additional controls on transport and trade.
 - Painful adjustment period, especially for SMEs.
 - Some disruption around final “Brexit Day”.
 - Long-term reduction in volume likely to be greater than value reduction.
 - Overall, trade will continue.