

**Customs and Trade Solutions Working Group  
Tuesday 13 February 2024  
Online via MS team**

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**1. Welcome, introductions, conduct of meetings policy & terms of reference overview.**

- The Secretary and interim acting Chair, Josh Fenton from Logistics UK, opened up the meeting welcoming members to this newly formed group. Members were reminded of Logistics UK's Code of Conduct for meetings and the need to adhere to competition legislation. Round of introductions occurred.
- JF gave an overview for the terms of reference and why this group had been formed. Members were reminded that this meeting is envisaged to be membership led. JF reminded members that we are seeking an industry chair.

**2. Member feedback on Border Target Operating Model.**

NM asked members for feedback on the Border Target Operating Model (BTOM).

- Members would like BTOM and phytosanitary to be part of this group.
- Member who is part of the BTOM pilot, acknowledges that this is currently in the light touch phase, however volumes are very low, at roughly 30-40% of what you would expect for this time of year. Therefore, this is not a real test of the process. Port Health have not been involved in the feedback, only DEFRA, and this is who it will be handed over to. Overall, it is a challenging time, but nothing is getting stuck.
- Members are aware of issues with commodity codes, and the information on the DEFRA spreadsheet is incorrect. This was raised with DEFRA before Christmas; however, the problem is still there.
- Issues still remain for Kent Port Health Authority, consensus that the soft touch approach does not give an accurate assessment of the situation. Ultimately, this all has consequences for businesses. The system itself is workable, however it is a lot longer as there is a lot more Import of Products, Animals, Food and Feed System (IPAFFS) submissions. Member raises that they are struggling to see the benefit to being on the Accredited Trusted Trader Scheme (ATTS).

**Action:** Members requested that DEFRA comes to a future meeting to present on BTOM.

**3. Guest speakers and Q&A with HMRC.**

*The state of play and plans going forward for 2024* – (Mark Fitzgerald, Customs Policy Stakeholder Engagement)

- Members heard an update from HMRC on their plans for 2024. This included:

- Introducing a voluntary standard for the customs intermediary sector.
- Simplifying customs declarations by cutting the amount of data traders must provide by up to a quarter.
- Supporting key sectors, including creative, arts and sports, with potential improvements to the procedure for temporarily importing goods.
- Simplifying and digitising the customs and excise authorisation systems.
- Allowing more traders to use customs facilitations that delay duty payment without the cost of a financial guarantee.
- Improving the Transit procedure, making movements cheaper, easier and more accessible.

**Action** – MF from HMRC to share clear explainer on customs changes and what information can be shared on stages regarding ministerial approval.

*An update on NCTS5 and a horizon scan for NCTS6* - (Lorna Taylor, NCTS5 External Readiness Delivery Lead)

Members heard an update on NCTS5 as well as an early horizon scan or what is coming with NCTS6.

HMRC announced in October 2023 that the new date for implementing NCTS5 in the UK will now be **1 July 2024**, to provide industry with additional time to prepare, taking advantage of the EU's extended NCTS5 delivery timetable. You can read this update on [gov.uk](https://www.gov.uk).

Upgrading to NCTS5 is a legal requirement of all Common Transit Convention (CTC) member countries, and the new system will offer improved functionality. Some of the new features of NCTS5 will not be available until every CTC member country is using NCTS5.

The following improvements will now not be effective until **22 January 2025**: -

- **Multiple House Consignments** - Up to 99x House Consignments, each with 999x line items, within 1 declaration
- **Electronic presentation of Movement Reference Number (MRN)** - Instead of printing and carrying paper Transit Accompanying Documents (TADs), the MRN can be held on a phone/tablet or other electronic means.
- **Office of Incident** - The ability to report incidents en-route, to a customs office, for real-time reporting directly into NCTS5.

The new requirement to enter Commodity Codes into transit declarations will also not come into effect until **22 January 2025**. HMRC will provide further information in due course.

## **What this means for members**

Members need to start submitting transit declarations on NCTS5 from **1 July 2024**. Whether members use commercial software or the free-to-use web portal via the Government Gateway to submit your transit movements, you'll need to make sure you're using an up-to-date subscription from 1 July. Members can find more information on [gov.uk](https://www.gov.uk). If members use commercial software to submit your transit movements, HMRC are supporting your software developer to prepare for NCTS5. They will be able to advise you how and when you can obtain the new software. HMRC recommend you have your new software by the beginning of May to familiarise yourself with the new features. The HMRC Trader Test environment remains open and those who are building software should continue with development and testing, to align with the revised implementation date. More information can be found at: <https://www.gov.uk/government/publications/community-common-transit-and-tir-newsletters>

- JF asked about what to expect for NCTS6 - NCTS6 is planned for mid-2025, this project is currently still with the Policy and Design Team, and therefore the Delivery Team do not have the final details. There will be the option to include Transit Security Accommodating Documents (TSAD), which can include the Safety and Security details rather than a separate entry of exit summary declaration. It is still not clear if the UK has opted to include TSAD. There has already been a slight movement on the Phase 6 implementation date, however this could potentially move again.

#### An update on CDS Export Migration – (Eamon McGing, Haulier Strategic Customer Management Lead)

- All import declarations are now being made through CDS, and in the last year HMRC have had roughly 90 million import declarations.
- The Export Declaration migration date, from chief to CDS is **30 March 2024**. Currently HMRC have about 22% of export declarations going through CDS.
- HMRC are expecting the majority of businesses to start to migrate this month. HMRC are working to ensure businesses have the right support.
- Most businesses will be able to move over by 30 March, however not all customers will be able to. So there will be a period of up to three months, from when CDS becomes available for them, in order for them to migrate. This is currently in a phased approach with large declarants first, but HMRC will be moving on to smaller declarant shortly.

#### **4. Opening the floor for members.**

##### EU customs changes

JF gave an update on EU customs changes. On **17 May 2023**, the Commission put forward proposals for reform of the EU Customs Union. The reform package is a response to the current pressures under which EU Customs operates. These include increased trade volumes, especially in e-commerce, a fast-growing number of EU standards requiring border checks, and shifting geopolitical realities and crises.

The measures proposed include:

- a new EU Customs Authority.
- a new EU Customs Data Hub.
- abolishing the current threshold whereby goods valued less than €150 are exempt from customs duty.
- creation of a 'Trust and Check' trader authorisation. This would allow traders to release their goods into circulation in the EU without any active customs intervention.

Members can read about this further at [EU Customs Reform](#).

- Member requests that registration of the import, one stop shop for third country businesses is key. In relative terms to the number of customers, particularly SME, see quite a lower take in terms of their registration to that. It is an additional cost and complexity, so is this something that could be discussed in the TCA. Some form of opening recognition for the avoidance of having to have that fiscal representation, would alleviate some of the complexities and costs.

## UK customs changes and TCA Review

**Action** – Future Work Programme for Logistics UK – BTOM (including CUC, introduction of physical checks and S&S), ICS2 and Release 3, EES (concerns with driver welfare), STW, CBAM, EU deforestation regulations.

**Action** – Follow up with DPD on the Windsor Framework.

**Action:** NM to request a 1 page from Government, for the criteria to get onto the UK Internal Market Scheme (UKIMS) and entail what the benefits of the scheme are. This could then be shared with members and members' respective customers.

**Action** – UK DAG meetings and agenda items to be flagged with members in advance of DAG and Civil Society Forum meetings.

**Action** - DEFRA to attend future meeting of the Customs and Trade Solutions Working Group to discuss the BTOM.

## **5. AOB and Future meeting format**

- Format of future meeting: members believe three a year is appropriate, 90-minute meetings preferred, members were interested in having a hybrid meeting option for the middle freight council.
- Request for the next round to have a Single Trader Window and DEFRA guest speaker.
- Date of next meeting – **Thursday 9 May 2023**. Format and location to be confirmed with members in due course.

## **Attendees**

Josh Fenton (Secretary and Interim Chair) - Logistics UK

Chris Bramall – Invica Industries

Mark Johnson – Kuehne + Nagel

Julie Young – UK Flavour Association

Sharon Murrell – Kuehne + Nagel

Terry Broadhead – DFDS

Claire Nicolas – DPD Group UK

Emily Jones – Amazon

Steve Gourley – Momart Limited

Jesse Borghmans – Kuehne + Nagel

Emma Leam-Saville - DFDS

Ali Mahmood – Co-op

Nichola Mallon – Logistics UK