

Customs and Trade Solutions Working Group
Thursday 9 May 2024
Hybrid meeting either 20 Victoria Street, London or via MS team

Introduction

Members were welcomed by the Secretary and Interim Chair, Josh Fenton (JF). JF invited members and Logistics UK colleagues to do a round of introductions. Members were reminded about the code of conduct meeting policy.

Member updates and roundtable discussion of topical issues.

DfT undertaking a review of UK border process.

- JF will be meeting with the consultant appointed to lead this review. JF will feedback to the consultants that members are frustrated with the siloed approach of government departments. It is frustrating when DfT hold meetings for policy issues they do not own without the policy owner department also on the call. This means that conversations about the same issues have to take place in different forums. Previously, often when a crisis has occurred government all pull together for a joint forum, but this approach does not seem to occur anymore. Business is having to adapt to significant amount of change with customs and border processes. Members time is very valuable. Members would like this opportunity to speak collectively to inform this study but only if the appropriate officials were also involved. Member feeds back that this could be a good opportunity for AEO traders, if it could reduce controls and streamline processes, potentially a two-tier system. Members feel that AEO should have more influence to ensure there are easements in border friction. This might become even more problematic when modernising authorisation comes into force. **Action: JF to feed this back to the consultants.**

ICS2 System – Release Three.

- JF gave an overview of the ICS2 System – Release Three. There were mixed views from members. Some felt there was enough time to prepare, however others felt that operators struggled to understand ICS1, and therefore they are not ready to move onto ICS2. There is high potential that this will add further costs at the border.
- Member feeds back that they have engaged often with the ferry companies. None of the big hauliers who are putting cargo on the North Sea carriers are engaging

with them at the moment. They are endeavoring to engage with them, but it does require additional data. Member agreed with earlier points raised that on ICS1, the compliance between Calais and Dover is very low. They did straw poll of some of the carriers who are working for them. Many of them are not even making ICS1 declaration. So, member felt ICS2 is something that needs to really be pushed up the agenda quickly.

E-CMR.

- JF updated members about HMRC's interest in introducing an E-CMR. There was no feedback from members on this item, however members are able to follow up with JF after the meeting if members have thoughts on this.

CDS Export Migration.

- Members were informed about the CDS Export Migration, which members have until 4 June 2024 to move onto. There were no issues or concerns raised by members about this.

3. Guest speakers and Q&A with DEFRA.

Member update on learnings from implementation of SPS checks (BTOM) - Sarah Johns (SJ), Stakeholder Engagement and Readiness Manager | Communications, Engagement & Readiness Team.

- Members heard from SJ about the reflections following the first two weeks post implementation of phase two for the BTOM.

Questions/Referrals

IPAFFS log in issues/page error messages: APHA IPAFFS helpline
 Call: 0330 041 6999
 Email: APHAServiceDesk@apha.gov.uk

Import advice

live animals: importsriskmanagement@apha.gov.uk
 HRFNAO: imported.food@food.gov.uk
 plants and plant products: phsi-importers@apha.gov.uk
 animal products/POAO: contact the port health authority (PHA) at your relevant border control post (BCP)

- *Export Health Certificates (EHC)* – English version alongside original, verifiable PDF's – valid digital signature, paper certificates – signature and stamp and attentions completed.
- *IPAFFS – import notifications* – identifying information about the vehicles/trailer, approved establishments information provided (From EHC or commercial documents) for POAO, places of destination, documents uploaded (including IUU), check notifications have been submitted, give import notification reference to haulier/ drivers, seals – EHC/ transit commercial seals, fix error message in IPAFFS/ CDS promptly.
- *Border control posts (BCP) planning:* check BCP opening hours and emergency arrangements, check chosen BCP can accept commodity type, remote and code locked containers – make sure code is available to Port Health Authority.
- *Sevington* – drivers should not use Sevington to take a tachograph rest break, good practice DEFRA are seeing is providing import notification reference to drivers to show at booths alongside GMR.
- JF requested if case studies could be generated by DEFRA, so these can be circulated for educational purposes to industry.
- Member feeds back that documentation issues since the 30 April 2024, which industry then wasted the three months from the 31 January 2024. Working through these documentation issues, all of which SJ listed, could have used that time within those three months to address these issues. However, as this did not occur, industry is now only limiting the issues that are present now. Member felt that this was a missed opportunity.

- There is an issue with notification within the Kent corridor. When transiting through Short Straits the information that goes to Ashford Port Health Authority is not arriving at Sevington BCP. If you select Dover BCP, Dover are not getting the notification, it is being pushed onto Sevington, which is incorrect. SJ said that she will take this question away.
- Member asked if DEFRA are accepting non established UK companies to access IPAFFS? SJ responds to say that the official line is that a person responsible for the load or the consignment needs to have a UK address. In case the consignment gets called for cheques, there needs to be some follow up work or follow up cheques after the consignment comes into Great Britain. Member believes that there are some European companies that have been doing it. SJ explains that it could be an EU business, but they are using a UK agent. **Action: Members to send specific questions to JF and JF will send this onto SJ.**
- Nichola Mallon (NM) is trying to understand the relationship between DEFRA, commercial BCP's and port health authorities. This is a national import control. What oversight is there to ensure that there is sufficient capacity and resource with staffing. This is essential to understand to protect the just in time supply chain to avoid the consequences of delay. NM asked if there was an update on access for the commercial ports to get visibility of IPAFFS. NM asked in the past two weeks have there been incidence of manual overriding of systems between IPAFFS and CDS. SJ responds to say there have been some isolated incidents manual overriding to be required to release customs holds when there was an error message, however this was an isolated incident and the majority of consignments have been coming in as normal. On the IPAFFS and commercial ports point, SJ explains that they are working to find a resolution for this.
- Member explains that the limited opening hours are really causing issues for businesses. These are products that are time sensitive and cannot afford to sit around. Member asks if there are plans to push port health authorities to meet the demands of their port as opposed to strict opening hours. SJ responds to say that port health authorities are local authority ran and DEFRA work alongside the port health authorities but cannot demand which hours they are open. SJ will report back this feedback internally.
- JF asks given phase two was a lighter touch approach, when will the checks be ramped up to a level that they should be at. Early communication is essential for business to prepare. SJ responds to say it is DEFRA's intention to get the border

control to the level they were advertised to be at. DEFRA have heard this feedback before, and it has been escalated to DEFRA's senior colleagues.

4. Guest speakers and Q&A with HMRC.

Member update on the Single Trade Window - Tanya Byrne (TB), Senior Comms & Engagement Lead, Single Trade Window (STW) Programme.

- TB presentation explained how the UK Single Trade Window is an integral part of the Border Strategy. The UK Single Trade Window Program's strategic objectives is to support the government's ambition to have the world's most effective border that creates prosperity, enhances security, improves the flow of goods, and engenders industry innovation.
- Members heard how the STW will streamlines activities for customers, how it will be delivered and the strategy to roll out STW iteratively. HMRC are requesting to bring border users into the design of the STW through co-design.
- If members would like to be involved with the private beta phases for testing the service, HMRC are looking for volunteers. To register interest email STWbcr@hmrc.gov.uk. There are research opportunities within the programme to learn about different users needs and experiences. Members can register their interest via HMRC's [online portal](#). Furthermore, there are co-design opportunities from across the border industry and trade. To register interest, members should contact STWenquiries@hmrc.gov.uk.
- Member asks what percentage take up are HMRC expecting in terms of number of declarations through STW? TB responds to say it is likely to be iterate that different people will come on at different times and that it will appeal to people at different times as well. At the very start numbers are really small due to it still being within private beta stage. Happy to start looking at stats and sharing them on these types of calls. The idea is that government wants this to be a key part of its government strategy. It's building this so people will use it. It's building it so that everybody will want to move to it because it will be a product that delivers everything at the moment. It's not a mandatory product or programme. As we move forward over the next few years with the funding. In the future, based on the interest of the private beta, HMRC expect the interest from industry to be high.

- Member asks, do HMRC have any idea about how many years away there'll be a tie up with the inventory system operators, the community system operators? TB responds to say that this is work that they have been going through in the co-design for the last 12 months. HMRC will be doing more co-design on this over the next few months. A report is being written based on the first 12 months of co-design, once results are known HMRC will get a steer about doing more testing or co-design. It is possible that this will be delivered within two years.
- Member asks if the STW be applicable to trade GB to NI, which is governed by the Windsor Framework. The industry needs clarity for when TSS ends. TB responds to say that this is something that HMRC are monitoring closely, however at this time there is not a clear answer as there is a lot of policy and processes for teams that look after NI and how this will work within the Windsor Framework. What HMRC do not want is to force the STW if it is not an integral part of trading with NI as this will dilute the progress being made on STW. This issue is being closely monitored and industry will be kept informed on progress being made.
- Member asks when discussion have to go to seniors for a steer, where and who currently owns that decision making process? TB responds to say this sits with HMRC officials, Max Hacon, Jill Evans who are the programme directors and the SRO. There is also the Deputy Director of Design, Yvonne Clydesdale, and she will be receiving the report. It then goes to the senior leadership team, then executive board and border delivery board (BDA). Cabinet Office are following the discussions for information and policy to ensure work does not happen in silos. Other departments that are engaged include Border Force, Home Office, DEFRA and DBT.

5. Entry Exit System (EES).

ESS status and Logistics UK's activity to date, Nichola Mallon, Head of Trade & Devolved Policy, Logistics UK.

- NM provides an overview of EES. The Entry/Exit System is a large-scale IT system of the European Union for the automatic monitoring of the border-crossing of third-country nationals. Envisioned to replace passport stamps, the system will be installed at the external border crossing points of the Schengen Area, e.g. airports and seaports. Following EU Exit the Short Straits, the UK's busiest trading route with the EU operates with juxtaposed borders. This means the EES will be in operation in the UK for the Channel Tunnel and the Port of Dover. Whilst the

implementation of EES has been delayed numerous times, it is believed the EU plans to make EES operational on 6 October 2024.

- Latest activity from Logistics UK - Logistics UK provided a written consultation response to the European Scrutiny Committee inquiry into EU Entry/Exit and the UK border. Logistics UK argued that a bespoke solution was required for the unique situation facing the Short Straits. Our response requested a delay to the current implementation date and the need for a web-based system or app to be fully operational for remote registration to occur away from the border to minimise friction at this critical border. On Wednesday 6 March 2024, alongside P&O Ferries and DFDS, Logistics UK gave oral evidence to the European Scrutiny Committee inquiry into EU Entry/Exit and the UK border.

6. Carbon Border Adjustment Mechanism (CBAM).

Overview and Logistics UK consultation response, Josh Fenton, Policy Manager – Trade, Customs and Borders, Logistics UK.

JF gave an overview of the CBAM which included:

- What is the UK Carbon Border Adjustment Mechanism? The UK CBAM (Carbon Border Adjustment Mechanism) is a significant step towards achieving the UK's decarbonization goals and combating climate change. Goods imported into the UK from countries with a lower or no carbon price will have to pay a levy by 2027.
- When is CBAM being implemented in the UK? The UK Carbon Border Adjustment Mechanism (CBAM) is set to be implemented by 2027. Initially, the UK government committed to an implementation as early as 2026 but updated the timeline following its public consultation.
- Why is CBAM being proposed in the UK? By implementing the CBAM, the UK aims to protect its industries, reduce carbon leakage risk, and encourage global partners to adopt more sustainable practices. Carbon leakage risk occurs when domestic industries face stringent emissions regulations, leading them to shift production to countries with weaker climate policies.

- Which sectors will UK CBAM apply to? The UK CBAM is designed to tackle the most carbon-intensive industrial goods imported to the UK, putting a price of the most carbon price on products in the aluminum, cement, ceramics, fertiliser, glass, hydrogen, iron and steel sectors. A consultation is taking place in 2024 to determine the precise list of products in the UK CBAM's scope.
- Legislative process of CBAM UK – The UK government is currently working on the legislative process to establish the CBAM. This involves consultations with various stakeholders, industry experts, and policymakers to design an effective mechanism that aligns with the nation's climate goals.
- The latest UK CBAM consultation launched on 21 March 2024 to seek views on proposals for the design and administration of the regulation, from importers and their agents, other businesses, individuals, tax advisers, trade and professional bodies and other interested parties, including those overseas. **The deadline for responses is 13 June 2024.** Logistics UK will be requesting members feedback to inform our response.

Logistics UK's initial assessment is that:

- Divergence on timing and alignment on the UK CBAM with EU CBAM could be problematic for affected sectors.
 - Operational aspects of CBAM, such as data supply and verification need to be robust and consistent.
 - Concerns on quality and confidence in overseas carbon pricing data.
 - Lessons need to be learned from transitional operation of EU CBAM to-date.
- Member feeds back that CBAM in EU has been really challenging, as declarations commenced from January 2024. Member back this up to say it is going to be a huge challenge for both the EU and UK.

7. Public Affairs Update.

Update on customs and trade activity, Ben Garratt (BG), Deputy Director, Logistics UK.

- BG public affairs update included an overview of how the logistics sector underpins the economy and can boost UK productivity.

- BG made members aware of the Logistics UK Manifesto – Unleashing the power of logistics to drive growth across the whole economy. To unleash the power of logistics to drive growth across the whole economy, the next UK government must deliver: a public-private partnership, innovation and integrated infrastructure, a fair transition to the green economy, skills partnerships to support a thriving sector and trade growth as a driver of innovation and productivity.
- BG gave an overview of recent public affairs activity including correspondence and meetings with Ministers, parliamentary questions and interventions, oral evidence to committees and using media to raise awareness amongst politicians.

8. AOB and date for your diary

- AOB – members felt that the information we are discussing is very important for the industry and is surprised that the number attending is not higher. JF is working internally to increase attendance of this working group. If members are aware of other organisation that are Logistics UK members and not already attending this group, please do feel free to make them aware.
- Date of the next meeting is **Tuesday 22 October 2024**, and this meeting will be held online. Invitation for this has now been sent.

Attendance in person

Mark Johnson - Kuehne & Nagel Ltd

Steve Gourley – Momart Ltd

Michelle Gardner – Logistics UK

Ben Garrett – Logistics UK

Eamon McGing – HMRC

Josh Fenton – Logistics UK (Secretary and Interim Chair)

Attendance online

Ian Moran – EV Cargo

Mark Steward – P & O Ferrymasters Ltd

Claire Nicolas – DPD Group

Emily Jones – Amazon UK Services Ltd

Lisa Robertson – Chemical Business Association

Paul Dean – Holmen Iggesund Paperboard Workington Limited

Jesse Borghmans – Kuehne & Nagel Ltd

Juan Louro – John Lewis Partnership

Naomi Harper – Port of Dover

Ali Mahmood – Co-op

Nichola Mallon – Logistics UK

Sarah John – DEFRA (guest speaker)

Tanya Byrne – HMRC (guest speaker)