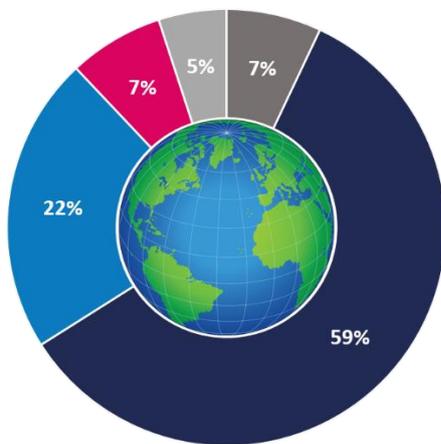


## Brexit Update 24 August 2020 by Camilla Call, Brexit Advisor

This week's update focuses on the new border operating model webinar we attended last Tuesday 18 August and the outcome of round seven of UK-EU negotiations on Wednesday 19 and Thursday 20 August.

Last Tuesday, 18 August, we joined 13 other chambers for a webinar by Liam Smyth, Director of Trade Facilitation at the British Chambers of Commerce, on the new border operating model. He went through the changes that were being implemented from 1 January 2021 and the key things businesses should be doing to prepare for that with only 20 weeks to go.



The webinar started with a poll asking the c700 attendees how prepared their business was to continue trading after the end of the transition period (1 January 2021):

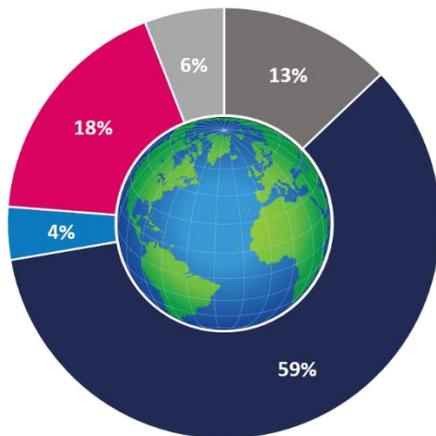
- **Very prepared: 7%**
- **Somewhat prepared: 59%**
- **Not very prepared: 22%**
- **Not prepared at all: 7%**
- **N/A: 5%**

While this is representative of c700 attendees, if it's any way near reflective of the business community on the whole, this indicates a pressing need to start directing more resources to planning for the changes. Businesses have rightly been managing the urgent demands from COVID-19, but with fewer than 20 weeks to go until the end of the transition period, now is the time to get to grips with their changing requirements from 1 January.

The new border operating model was outlined, explaining that while the UK will have full border controls from 1 January, there'll be six months of staged introductions to full customs controls for EU imports, but not for controlled, excise goods or EU exports. The safety and security declarations will also be waived for six months and full Sanitary and Phytosanitary (SPS) changes will be delayed until April. Imports and exports for the rest of world remain the same in that full declarations are required.

Businesses have several options for how to approach the changes from 1 January:

- Staged or full declarations on EU imports
- Simplified or full declarations on all exports (see [here](#))
- To pay import duty & VAT or pay later (see [here](#))
- Entry in declarants records and supplementary declarations using Customs Freight Simplified Procedures (CFSP) (see [here](#))
- Full declarations on all imports & exports



c700 attendees were asked how they were planning to process their customs declarations:

- **Doing this Themselves: 13%**
- **Freight Agent/Forwarder: 59%**
- **Customs Broker: 4%**
- **Undecided: 18%**
- **N/A: 6%**

With declarations set to grow from 55 million to more than 300 million, affecting 150k to 250k traders, businesses were urged to think about this now and make arrangements.

Liam listed several things businesses need to do now to prepare for 1 January:

- Get an [EORI number](#) and know what it's used for. This only takes a few minutes
- Check commodity codes for your goods on the [HMRC Trade Tariff Tool](#). You can use this to check license requirements and whether duties may be due at the country of import
- Determine the [customs valuation](#) based on WTO rules
- Understanding of the records you must keep
- Ability to give an instruction to an intermediary or the ability and connections to make full declarations (Dorset Chamber provides this service, via [ChamberCustoms](#), so please get in touch if you'd like to discuss this)
- Rules for the borders you'll trade across

[Simplified Declaration Procedures](#) (SDP) can be used if applied for, which allow goods to be released directly at the frontier to free circulation, an economic relief, a Special Procedure or other customs procedure. An initial simplified frontier declaration (SFD) is completed followed by a Supplementary Declaration Imports (SDI) up to four weeks later.

£50 million has been made available via the HMRC [Customs Grant Scheme](#) to increase customs intermediary capacity ahead of the increase in declarations, reimbursing costs for recruitment, training and IT. It offers up to £12,000 for the first year's salary of new recruits, £3,000 recruitments grant, full recovery of IT and most training costs. Grants are issued on a first come first served basis so it's advised that eligible businesses apply as soon as possible, including traders and customs intermediaries (such as customs brokers, fast parcel operators and freight forwarders).

The UK Government is currently developing [Goods Vehicle Movement System](#) (GVMS), an IT platform which facilitates the pre-lodgement model in that goods arriving at ports would have already made customs declarations. Declaration references would be linked so that the haulier only has to present one single reference to prove their goods have pre-lodged declarations. It enables the automatic arrival in HMRC systems as soon as goods board so declarations are processed en route.

## Round Seven UK-EU Negotiations

With previous rounds of negotiation concluding in limited progress and stalemates, round seven was optimistically approached with the hope of agreeing on key matters so the legalities could be drawn up in time to implement in January. However, the talks were again met with frustration on both sides with the chief negotiators calling out time-wasting and lack of compromise. Michel Barnier said agreeing a deal this year is looking “unlikely” while David Frost said it’s “still possible, and it is still our goal... but there has been little progress” ([Guardian](#)).

Both sides have had the finger pointed at them for contradictions in their promises. The UK accuses Barnier of stating ‘Brexit means Brexit’ but then not applying that to areas they want to see continuity of EU rules in. The UK was called out by former Brexit Party MP Ben Habib for claiming earlier in the year that if a deal wasn’t reached by June 30, the UK would cease negotiations and prepare for no deal, however, “that deadline came and went but the UK did not do as it suggested it might” ([Express](#)).

Frost has cited the EU’s insistence on resolving differences on state aid and fisheries before work progresses in other areas as one reason for the deadlock ([BBC](#)). This was despite presenting a draft legal text which Barnier said was “useful to understand the UK position, but it failed to understand the EU’s red lines on the “level-playing field”, common standards on environment, workers’ rights and state aid to give Britain tariff-free access to the EU single market” ([Guardian](#)).

In terms of what’s next, businesses should be aware of the chance an agreement isn’t reached this year, therefore the need to trade on World Trade Organisation (WTO) rules. This means that tariffs would need to be paid on goods from 1 January until a trade deal is drawn up; you can look up tariffs on the [HMRC Trade Tariff Tool](#). There’s no indication of when a post-January deal would be aimed for, but it’s in the interests of both sides to have one in place. However, it’s hard to see where compromises on the sticking points will be made when it’s taken this long with little agreed.

The next round of talks are due to take place in London from 7 September.

Dorset Chamber delivers a free of charge Brexit advice service to all businesses, funded by BCP Council and Dorset Council. For information and advice please contact us at [gateway@dcci.co.uk](mailto:gateway@dcci.co.uk) / 01202 714800 or visit [dorsetchamber.co.uk](http://dorsetchamber.co.uk).