

# BREXIT QUESTIONS AND ANSWERS

11 February 2019

Note: This guidance contains general information regarding Brexit for exporters. By its nature, it is neither exhaustive nor definitive. This guidance does not constitute legal advice, nor should it be relied upon as such. Customs encourages exporters to seek independent legal advice.



## **What new customs documentation and procedures will UK authorities put in place up to and beyond Brexit day (29 March 2019)? Has Her Majesty's Revenue and Customs (HMRC) provided any guidance in this respect?**

If the UK and the EU can ratify the Withdrawal Treaty, a 21-month transition period from 29 March 2019 to 31 December 2020 will be implemented under which the UK's trading relationship with the EU and third countries (such as New Zealand) will largely stay the same as now.

If the Withdrawal Treaty is not ratified in time the UK may leave the EU without a transition period being in place ie a 'no-deal' scenario.

The UK Government has issued technical notes to help businesses and individuals understand the implications of a 'no deal' scenario, including importing and exporting.

The UK government has advised that customs processes for UK trade with the rest of the world will remain largely unchanged (see the UK government 'Partnership Pack: preparing for changes at the UK border after a no deal EU exit' in particular the section entitled 'What to expect on day one of a 'no deal' scenario: Traders with the rest of the world only').<sup>1</sup>

Her Majesty's Revenue and Customs (HMRC) is currently introducing its new Customs Declaration Service (CDS), which replaces its Customs Handling of Import and Export Freight (CHIEF) system.

New Zealand exporters may face congestion at UK ports after Brexit, as new border processes are implemented.

A no-deal scenario will have particular impacts on supply chains reliant on inter-trade between Europe and the UK. New Zealand exporters sending product into European ports for trans-shipment to the UK will need to plan ahead with their freight companies and UK clients on these aspects.

## **Will the new HMRC Customs Declaration Service (CDS) have an impact for New Zealand exporters?**

HMRC's current 'Customs Handling of Import and Export Freight (CHIEF) is being replaced by CDS, which is being phased in gradually. This new IT project was initiated before the Brexit negotiation process, but its implementation is being timed to coincide with Brexit.

It is expected that the majority of importers will start using CDS early in 2019. Exporters will migrate to CDS when export functionality becomes available in March 2019. This means that CDS and CHIEF will run in parallel for a short period of time.

---

<sup>1</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/777373/Partnership\\_pack\\_Feb\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/777373/Partnership_pack_Feb_2019.pdf)

It is possible that CDS will require new data elements which New Zealand exporters may need to supply to UK importers. We encourage New Zealand companies to stay in close contact with UK importers as CDS is rolled out.

### **How much time will it take to clear a consignment of New Zealand goods at the UK border across all pathways (sea, air, post courier) once the UK leaves the EU?**

There are no indications how long customs clearance will take at UK ports after Brexit. It is possible there may be congestion under a 'no-deal' scenario as UK border agencies implement any new border processes and customs documentation requirements. Channel ports managing roll on/roll off inter-trade between Europe and the UK (including New Zealand product transhipped from Europe) may be particularly affected by a no-deal Brexit.

Delays at the UK border may have implications for New Zealand exporters, including berthage and warehousing costs.

### **How will origin documentation for New Zealand exports to the UK change once the UK leaves the EU?**

The UK government has advised that customs processes for UK trade with the rest of the world will not be affected (see the UK government 'Partnership Pack: preparing for changes at the UK border after a no deal EU exit' in particular the section entitled 'What to expect on day one of a 'no deal' scenario: Traders with the rest of the world only').<sup>2</sup>

UK importers may be required to supply documentation in a new format for HMRC's new Customs Declaration Service (CDS) which is scheduled to replace its Customs Handling of Import and Export Freight (CHIEF) system (see above).

### **My consignment is being repackaged and trans-shipped from a European port. Will this affect how it gets cleared at the UK border under various Brexit scenarios?**

New Zealand goods transiting the EU to the UK (and vice versa) will be subject to transit arrangements in those territories (depending on the type of product and the shipping process). Customs is working with the UK and EU to confirm what those arrangements will be.

---

<sup>2</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/777373/Partnership\\_pack\\_Feb\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/777373/Partnership_pack_Feb_2019.pdf)

The UK government has announced that the UK is set to remain in the Common Transit Convention (CTC) after Brexit, ensuring simplified cross-border trade for UK businesses exporting their goods.

The CTC is used for moving goods between the EU member states, the EFTA countries (Iceland, Norway, Liechtenstein and Switzerland) as well as Turkey, Macedonia and Serbia.

The UK is currently a member of the CTC while it is in the EU, and has successfully negotiated membership in its own right after Brexit. This would apply to any new trading relationship with the EU or in the unlikely event of a no deal.

The UK Government has said that membership of the CTC will help ensure that trade moves freely between the UK and CTC members after the UK leaves the EU. It will provide cashflow benefits to traders and aid trade flow at key points of entry into the UK, as traders will only have to make customs declarations and pay import duties when they arrive at their final destination.

<https://www.gov.uk/government/news/uk-to-remain-in-common-transit-convention-after-brexit>

## **Will the UK apply a new tariff system once the UK leaves the EU?**

Under a 'no-deal' scenario, or at the end of the transition period as set out in the Withdrawal Treaty, the UK will establish its own UK Trade Tariff, detailing the import duty rates and rules that will be applicable to each type of goods. The UK Government has advised that it does not plan any immediate deviation from the current commodity code list published in the UK Trade Tariff, which is currently applied by the EU, except where necessary to maintain alignment or for trade remedies purposes.

## **What might the UK's introduction of its own tariff system mean for New Zealand exports into the UK?**

In the interim, there is unlikely to be any significant change in trading conditions for New Zealand traders into the UK. The UK Government has indicated that any new tariff system it introduces will not deviate from the current regime (under which the UK is part of the EU).

New Zealand hopes to conclude a bilateral Free Trade Agreement (FTA) as early as possible, once the UK is in a position to do so. The UK Government has identified New Zealand as a priority for FTA negotiations following its departure from the EU.

## **Do we have a Mutual Recognition Arrangement (MRA) on secure trade and supply chain security with either the EU or UK?**

Currently the only signed MRAs New Zealand have are with the following countries: Australia, China, United States of America, Japan, Hong Kong, and the Republic of Korea.

As outlined by the Government in May 2018, Customs does intend to negotiate a MRA with the EU in due course, leveraging off the EU-NEW ZEALAND Customs Agreement that came into force in May 2018. A secure trade scheme with the EU will give accredited New Zealand exporters a major advantage in the form of faster clearance of goods into the European market.

## **When can we expect the New Zealand-UK FTA to come into force?**

New Zealand hopes to conclude a bilateral Free Trade Agreement (FTA) as early as possible once the UK is in a position to do so. The UK Government identified New Zealand as a priority for FTA negotiations following its departure from the EU.

In the meantime, the same rules will apply to our trade with both the UK and the EU until the UK formally departs the EU.

## **What implications does Brexit have for sanitary/phytosanitary requirements for New Zealand primary produce exports to the UK?**

This issue is being managed by the Ministry for Primary Industries. For updates please see <https://www.mpi.govt.nz/new-zealand/exporting/overview/market-access-and-trade-development/preparing-for-brexit-and-a-possible-no-deal/>

## **My consignment could be held up at the UK or EU border. Is there anything the New Zealand Customs Service can do to help me in this situation? There has been a change in UK customs documentation requirements between lading in New Zealand and arrival into UK – what should I do?**

New Zealand Customs is committed to assisting New Zealand exporters to the UK where and when we can.

If there are policy or procedural reasons for New Zealand goods being delayed, New Zealand Customs will liaise with UK and EU agencies to resolve issues as quickly as possible. New Zealand Customs will be unlikely to assist if there are errors with the customs declaration, or border agencies have a genuine security concern about the consignment, or the delay is due to commercial matters with your importer.

If you are experiencing delays in getting Customs clearance at the UK or EU border after Brexit:

- Please liaise closely with your clients in the UK. Often Customs delays are an issue with the importer.
- If you are still having issues, please contact New Zealand Customs and provide as much detail as you can about your consignment – this should include the following details if possible:
  - a. Import entry and/or export entry number
  - b. Shipping references such as bill of lading number
  - c. Goods description
  - d. Port of discharge
  - e. Name and details of the importer
  - f. Reason for the delay

New Zealand Customs will then liaise with UK and EU agencies on the matter, or provide you with information that could assist with clearance.

### **What is the role of the New Zealand Customs Counsellor in London?**

The Customs Counsellor in London is tasked with:

- advocating for our trade and enforcement interests with UK partner agencies
- reporting on Brexit developments
- working with our Customs Counsellor in Brussels to monitor cross-channel trade and implications for New Zealand trade access.

The Counsellor will also seek to work with UK border agencies to resolve Customs clearance issues to the extent possible (see above).

### **Is there any change in procedures for UK imports into New Zealand?**

There is no change in customs procedures at the New Zealand border for goods imported from the UK.

### **Is it necessary to separate the EU origin with UK origin on my imports into New Zealand?**

Each item should claim origin from the country it originates from, as per existing practice. New Zealand Customs does not allow for claiming an EU origin – it must list the actual EU member state the good originates from (eg UK, Ireland etc).

## **Can New Zealand Customs offer advice on the best shipping lines to use into the UK?**

New Zealand Customs cannot provide such recommendations. It is suggested that you contact the New Zealand Shippers' Council

<https://www.gov.uk/government/news/uk-to-remain-in-common-transit-convention-after-brexite>

## **I am unsure how the UK and EU will split the existing quotas for meat and dairy access? What should I do?**

Please see <https://www.NewZealandmeatboard.org/quotas/> .