

Questions:

The Committee asked that HM Government respond by the end of February on the following questions:

- 1. Does this [regulation] mean that the same listing requirement applies for goods being imported into the EU under the EU's preferential trading arrangements and, if not, why is it necessary for imports into Northern Ireland? Please tell us how many of the EU's preferential trading partners have been listed on the Commission's website so far. Do you consider it likely that some third countries will choose not to be listed because the requirements on proofs of origin and verification of origin are too onerous, given their volume of trade with Northern Ireland?**

The Implementing Regulation is confirming that the same rules apply to EU preferences for goods being imported as in the EU itself. Therefore, this list refers to the same list as for the rest of the EU. The arrangements list can be found at [https://ec.europa.eu/taxation\\_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list\\_en](https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list_en). There is currently no separate list for NI. It is unlikely that third countries will choose not to be listed rather than meeting this requirement, as this is restating that the requirements for the EU apply to Northern Ireland. DIT has not received any representations about these requirements.

- 2. Do you share our concern that these provisions, in effect, make the European Commission the gatekeeper for the application of the EU's preferential tariffs in Northern Ireland, even though the Protocol on Ireland/Northern Ireland makes clear that UK customs authorities are responsible for implementing and applying relevant EU customs law in Northern Ireland?**

UK customs authorities are responsible for implementing the customs provisions of the Protocol in Northern Ireland. The EU remains responsible for the development and changes to its own tariff policy. Where the EU changes its tariff policy, and the legislative act is within the scope of the Protocol, the UK must be informed through the Joint Consultative Working Group, as provided in Article 15(3)(b) of the Protocol. If this is done via a new act, this needs to be agreed through the Joint Committee as set out in Article 13(4).

- 3. What assessment has the Government made of: (i) the product categories or sectors most likely to be affected; (ii) the supply chains that may be interrupted or diverted to exclude Northern Ireland content; and (iii) the economic impact on Northern Ireland businesses and traders?**

The government has engaged closely with businesses in Northern Ireland throughout the Transition Period and the implementation of the Protocol following the end of the Transition Period. Departments including HMRC and Defra are working closely with stakeholders from across the UK to ensure the continued smooth flow of goods into Northern Ireland. The flow of goods under the Northern Ireland Protocol is smooth overall and there are no significant queues at NI ports. In the Joint Committee European Commission Vice-President Maroš Šefčovič and the UK Chancellor of the Duchy of Lancaster Michael Gove agreed to intensify the work of the Specialised Committee on the Protocol in order to address all outstanding issues, with the shared objective to find workable solutions on the ground. We have not received representations from industry on the specific origin point you raise.

- 4. What evidence is there so far that traders are willing and able to do so [prove both EU and UK origin]? What feedback have you received from those affected?**

Partners who are eligible for EU preferences are for the most part able to prove origin as the EU and UK agreements are largely the same. At the moment, traders can use the same form as for the EU except with the wording 'the United Kingdom in respect of Northern Ireland' when claiming EU preferences. There has been some engagement in the unusual cases where a good cannot meet the EU preferences as a result of being unable to cumulate UK content in the EU agreement, for example by the South African Customs Union. This is not an issue the other way around as the UK's continuity agreements make provision for cumulation with the EU.

- 5. Why, in that case [if we expect many goods to be at risk if they can't meet both origin requirements and pay the EU MFN], has the Government not yet established a reimbursement scheme for these goods? When do you expect to do so and, once up and running, will the scheme reimburse tariffs already paid? Please also explain how the condition on non-commercial processing (in Article 2 of the Joint Committee Decision) will apply in establishing whether goods imported into Northern Ireland are to be considered at risk of entering the EU market.**

The government has committed to establishing a reimbursement scheme for goods that attract the EU tariff, but which can subsequently be shown to have remained in the UK customs territory. Further detail will be provided in due course. Guidance for this scheme will be provided on GOV.UK, and when the guidance is provided there will be a link to it from the 'not at-risk' guidance. The 'not at risk' guidance is provided at the end of this paragraph. Current HMRC guidance on 'not at risk' sets out clearly what conditions apply for commercial processing and in what cases goods subject to processing can apply to the UK Trader Scheme. This guidance can be found here: <https://www.gov.uk/guidance/check-if-you-can-declare-goods-you-bring-into-northern-ireland-not-at-risk-of-moving-to-the-eu#processing>.

- 6. We would welcome further information on the exceptions [to those requiring very minor administrative changes] and how they will affect traders importing goods into Northern Ireland.**

Turkey is currently the only exception we are aware of. However, the number of exceptions may increase, for example if the UK and EU both sign trade agreements with a partner in the future.

- 7. In particular, if (as we understand is generally the case) the UK's MFN tariff is lower than the EU's MFN tariff, how would this affect the "at risk status" of the goods in question and the tariffs that would apply?**

The UK Trader Scheme allows authorised businesses to undertake that the goods they are moving into Northern Ireland are 'not at risk' of onward movement into the EU. This Scheme is focused on goods sold to, or provided for final use by, end consumers located in Northern Ireland. For RoW – NI direct shipments the UK Trader Scheme only applies where the differential between the UK and EU's tariffs is less than 3% points. In the case you mention, if the UK's MFN is lower than the EU's by 3% points or more then the goods would be considered 'at risk' and the EU MFN would apply. The differential is calculated on the basis of the applied tariffs, so would include any applicable preferences to determine the rate for either the EU or UK before calculating the differential between the two rates.

- 8. Finally, we would be grateful if you could point us to the relevant gov.uk guidance which explains how the Commission Implementing Regulation, read alongside the Joint Committee Decision on at risk goods, will work in practice. We would also be interested to hear what systems are in place to monitor the take-up of EU preferences under the Commission Implementing Regulation and its impact on businesses importing goods into Northern Ireland.**

An explanation of the effects of the Decision of the Withdrawal Agreement Joint Committee as well as guidance for businesses outlining the arrangements for bringing goods into Northern Ireland can be found at <https://www.gov.uk/guidance/check-if-you-can-declare-goods-you-bring-into-northern-ireland-not-at-risk-of-moving-to-the-eu>. The process for claiming for preferences in Northern Ireland is the same as in the rest of the UK; guidance can be found at <https://www.gov.uk/government/publications/rules-of-origin-for-goods-moving-between-the-uk-and-eu/introduction-to-rules-of-origin-and-claiming-preferential-tariffs-duties#rules-of-origin-under-the-tca>. HMRC will continue to monitor the movement of goods into Northern Ireland.