

Proposal for a Regulation establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013

Questions

Impact of the proposal

From HMRC: The UCC reforms are a large legislative procedure, and one that will likely be subject to multiple revisions as it goes through the EU institutions, especially in the face of changing global events and engagement with invested stakeholders, including the UK Government. Given negotiations on the EU customs reform package remain ongoing between the co-legislators and the EU file is not yet finalised, it is not yet possible to comment fully on the technical detail of the proposals, including their applicability in Northern Ireland

However, the UK Government is closely monitoring the progress of the proposed EU customs reforms package to understand any specific impacts on goods moving from Great Britain to Northern Ireland. Areas of particular focus include e-commerce and business-to-business parcels. We would also welcome any views on potential impacts and benefits from the Northern Ireland Assembly as your work on the UCC reforms progresses.

It is the UK Government's intention to feed into this progress at appropriate opportunities to ensure Northern Ireland's interests are appropriately represented and we will engage with the EU on legislation as standard.

- Can you detail some of the potential benefits of the proposed EU act?
- Can you detail some of the potential costs of the proposed EU act (including costs associated with its implementation)?

HMRC: As the EU's customs reform package is currently a proposal and negotiations around its content remain ongoing, it isn't yet possible to provide specifics on the benefits of the proposed EU act.

DfE: In our written assessment from April, we did note the costs and benefits identified by the EU, namely:

The EU identified five positive impacts from their preferred option:

- Customs supervision will be strengthened;

- Administrative burden and compliance costs for legitimate trade are reduced;
- Centralisation of functions will result in savings for Member States and ensure coordination between national customs administrations;
- There will be a level playing field between E-commerce and traditional trade; and
- Uniform implementation in all member states.

Costs:

- The development of the EU customs data space will cost €599 million in investment in services and \$2 billion to maintain the data space over 15 years.
- The centralisation of associated costs will result in savings for the Member states.
- The creation of an EU customs authority will require €230 million over a 15-year period.

It is anticipated it will reduce administrative costs for Member States in relation to both IT and Staff.

Impact on SMEs – The initiative is not anticipated to generate and any adverse effects on SMEs but rather may make it easier to participate in external trade. The simplification of customs procedures is anticipated to benefit all traders, as will measures to tackle unfair competition from products that do not comply with EU rules and standards.

There is no specific analysis in regards to Northern Ireland.

Red lane movements

The UKG EM states that any impacts as a result of the proposed EU act “are likely to be seen on ‘red lane’ movements”.

- Can you provide more information on the volume of ‘red lane’ movements into NI and the volume of ‘green lane’ movements into NI?

HMRC: HMRC has [published](#) trade statistics for the calendar years of 2022 and 2023. We will soon publish for trade stats for the year 2024. As set out in the Safeguarding the Union command paper, the government has committed to 80% of all freight movements from Great Britain to Northern Ireland to be ‘not at risk’ and the Secretary of State for Northern Ireland has established the Independent Monitoring Panel to scrutinise this guarantee.

- Can you elaborate on what the potential impacts to ‘red lane’ movements might be?

HMRC: As the EU’s customs reform package is currently a proposal and negotiations around its content remain ongoing, it isn’t yet possible to give specifics on how the EU customs reforms may impact red lane movements between GB and NI.

Movement of parcels

DfE's initial assessment of impact states that the UK Carrier Scheme will ensure consumers in NI "will continue to receive parcels sent from Great Britain as they do now, irrespective of the changes set out in the UCC reforms."

- Would applying the proposed EU act in NI impact business-to-business movement of parcels between GB and NI? If so, how?

HMRC: As the EU's customs reform package is currently a proposal and negotiations around its content remain ongoing, it isn't yet possible to give specifics on how the EU customs reforms may impact B2B parcels between GB and NI. However, the implementation of the EU customs reforms would not remove the facilitations that were brought into effect under the Windsor Framework, such as the UK Internal Market Scheme, which are available for business-to-business parcels to move without the need for any tariffs and without the need for a full customs declaration.

- How would not applying the proposed EU act impact movement of parcels into NI from 1) GB; and 2) the EU?

HMRC: As the EU's customs reform package is currently a proposal and negotiations around its content remain ongoing, it isn't yet possible to give specifics on how the EU customs reforms may impact B2B parcels between GB and NI. However, the implementation of the EU customs reforms would not remove the facilitations that were brought into effect under the Windsor Framework, such as the UK Internal Market Scheme, which are available for business-to-business parcels to move without the need for any tariffs and without the need for a full customs declaration.

Low value and e-commerce movements

On the changes to movements worth less than €150 (EUR) and e-commerce customs collection, the UKG EM states that "it is not clear at this stage what the administrative impact of the proposal will be."

- Has UKG provided you with any updated analysis of the administrative impact of these changes since the EM was published?
- How might applying / not applying these changes impact 1) consumers in NI; and 2) businesses based in (or exporting into) NI?

HMRC: In line with the answer above, it is too early to be able to give specifics about the impacts either applying, or not applying, the EU customs reform package would have on consumers or businesses in NI, or businesses sending goods to NI.

Trust and Check status

The UKG EM states that the 'Trust and Check' status will be available to businesses with a base in the EU and "traders established in the EU and moving EU destined goods through NI will be able to benefit from this new category."

- How might the introduction of a new 'Trust and Check' status impact businesses based in (or exporting into) NI?

HMRC: In line with the answer above, it is too early to be able to give specifics about the impacts either applying, or not applying, the EU customs reform package would have on consumers or businesses in NI, or businesses sending goods to NI.

Stakeholder engagement

DfE's initial assessment of impact states "HMRC has not conducted any formal engagements on these proposals."

- Has DfE carried out any stakeholder engagement on the proposed EU act? If so, what concerns (if any) have been raised?

HMRC: The European Commission consulted on this Regulation through its 'Have Your Say' platform in 2022 and 2023 respectively. A link can be found [here](#), including to relevant policy submissions from UK stakeholders that have made representations. 7 of the 86 responses received to the call for evidence were from British businesses, with a further 3 made in response to the Commission's proposal when published in 2023. The Government will continue to engage and consult on domestic policy changes in relation to customs in line with usual practice.

DfE: We note, following discussion with HMRC yesterday, that their commitment to engage with the main trade groups here would be beneficial and we will help to facilitate this by taking inputs through a number of departmental forums including the Dual Market Access Forum and the Export Forum.

Departmental engagement

In addition to seeking an updated EM, DfE officials requested an update from UKG on discussions with the Commission regarding the application of the proposal under the Framework, the BTOM and STW, and their interoperability with the proposal.

- Has UKG provided any update on when you will receive the further information you have requested? Will you share it with the Committee once received?

HMRC: In line with the answers above, UK Government is closely monitoring the progress of the EU customs reform. When we are able to provide more information to DfE officials, we will ensure that we do so in relation to the impacts of goods entering Northern Ireland.

The UCC no longer applies in Great Britain for non-duty matters (such as safety and security declarations). Under the BTOM, safety and security declarations for EU imports were implemented on 31 January 2025. The government engages regularly with the EU Commission, through multilateral forums such as the World Customs Organization, and annually as part of the Trade Specialised Committee for Customs and Rules of Origin, a requirement under the UK-EU Trade Cooperation Agreement (TCA). Traders must continue to comply with the UK's Border Target Operating Model until further notice.

In relation to the Single Trade Window (STW), the government has paused delivery of the UK STW in 2025/26. This pause will give the government an opportunity to take stock and further engage with traders, ports, software developers and other key stakeholders to better understand their needs for the future of operating at the UK border.

The UKG EM also states “The EU has expressed the need for consultation with the UK to take into account potential implications for Northern Ireland.”

- Has UKG provided you with any update on what engagement between it and the EU has taken place, since the EM was published, in relation to the potential implications of the proposed EU act for NI?

HMRC: Northern Ireland departments sit as part of the Windsor Framework governance structures between the UK and EU and as such will be involved through those structures on issues of relevance to this Regulation.