

SCRUTINY OF EU DOCUMENTS

PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE UNION CUSTOMS CODE AND THE EUROPEAN UNION CUSTOMS AUTHORITY, AND REPEALING REGULATION (EU) NO 952/2013 - COM (2023) 258 + COM (2023) 259 + COM (2023) 262

Letter from the Chair to Rt Hon. Victoria Atkins MP, Financial Secretary to the Treasury, HM Treasury.

Thank you for your Explanatory Memoranda, dated 4 August 2023, on the above proposed Directive and Regulations applying to Northern Ireland within the scope of the Windsor Framework. The House of Lords Sub-Committee on the Protocol on Ireland/Northern Ireland considered this document at its meeting on 18 October 2023.

We note that the proposals to make changes to the Union Customs Code (UCC) could have potentially far-reaching impacts on Northern Ireland, given the application of the UCC to Northern Ireland under the Windsor Framework. In particular, we note that potential impacts highlighted include the interaction of the proposals with the Windsor Framework's provisions on the movement of parcels from GB to NI, governance and data sharing arrangements and the new 'Trust and Check' designation for traders.

We further note the statements that the "EU has expressed the need for consultation with the UK to take into account potential implications for Northern Ireland and that the Government commits to engage the European Commission on these proposals "via the governance structures provided by the Withdrawal Agreement, including the new dedicated customs sub-group of the Joint Consultative Working Group."

Given the importance of this issue, we would be grateful for more information on the Government's plans to consult with the European Commission on these measures. What, if any, consultation has taken place so far on these proposals between the EU and the UK? What is the timeframe for consultation with the Commission, including through the new dedicated customs sub-group?

In addition, we would be grateful for further information on engagement with Northern Ireland on the proposed changes to the UCC. Is the Government aware of any consultation to date between Northern Ireland Executive officials and the EU on these proposals? Did the Government consult Northern Ireland officials in the preparation of this EM and, if so, what views did they express? How will the Government ensure that the views of Northern Ireland stakeholders, including Northern Ireland Executive officials and traders based in or involved in trade to and from Northern Ireland, are taken into account in the development of these proposals and in any assessments of their potential impacts on Northern Ireland?

We would be grateful for a reply to this letter by 2 November. In the meantime, we retain an active interest in this document.

19 October 2023

Letter to the Chair from Rt Hon. Victoria Atkins MP, Financial Secretary to the Treasury, HM Treasury.

Thank you for your correspondence dated 19 October about the Explanatory Memoranda of 4 August 2023 concerning the above proposed EU Directive and Regulation.

In your letter, you have requested further information on the UK Government's plans to engage with the European Commission on these measures, in relation to potential impacts on Northern Ireland under the Windsor Framework. I share your view that this is an issue of great importance, and I am setting out in this letter responses to your specific points.

However, I want to stress that the Government's approach to this issue reflects the extremely early stages of the EU's proposals. This is a long-term process, and the European Commission is soon to enter into a process of engagement over several years with Member States to provide them with the opportunity to shape these initial proposals further. We expect that this process will lead to significant development of the package before the Commission seeks agreement on the final proposals with the European Parliament and Council by January 2025 at the earliest. We then expect the earliest delivery of any changes to come after 2028, with most substantive delivery taking place in the 2030s. The Government will engage regularly over this timeframe to establish how the proposals are developing and the EU's views on how they could potentially apply in Northern Ireland. Despite the long-term nature of the proposals, the Government and the Commission have already proactively engaged on the proposals as outlined below:

- Through the UK/EU Customs and Rules of Origin Trade Specialised Committee which took place in London on 27 September 2023, where the Commission provided a presentation on the proposals.
- Officials from UK Mission in Brussels (UKMis) have joined events and seminars for third countries on the EU reform package and continue to undertake informal engagement with key EU Member States and industry contacts in Brussels.

Customs is a reserved matter, but we nonetheless recognise the interest in these proposals for Northern Ireland residents, businesses, and representatives. In terms of engagement with the Northern Ireland Executive (NIE) on the proposed reform package, the NIE was made aware of the proposal when it was notified to the UK Government. Our own engagement with the NIE on this issue has taken place (and will continue to do so) in the normal manner for a reserved matter, with the NIE expressing an ongoing interest in how the reform package develops.

The Government will of course continue to discuss all matters relating to implementation of the Windsor Framework that may have an impact on businesses with representatives from industry and civic society.

I hope you find this response helpful in addressing the issues you have raised. I am happy to provide further information to the committee on these reforms as they progress.

31 October 2023

In your letter, you have reiterated your questions regarding what analysis has been undertaken on the impact of the proposed legislation as well as enquiring about timescales of any consultation with key stakeholders.

The proposals regarding the digital product passport are still at an early stage of consideration. I hope that you can understand that given the scope and complexity of these proposals we believe it is correct to take the time available to carefully consider all facets to ensure the assessment of the impacts is fully informed.

My officials are in regular dialogue with stakeholders in the sector. I can reassure you that this engagement will continue as we look to implement the changes and will include the full range of relevant stakeholders including businesses, consumer groups and trade associations such as the British Toy & Hobby Association. Officials will consult with a wide range of stakeholders across the UK, including those with an interest in Northern Ireland, to ensure that all relevant views are considered ahead of a final decision. As I previously stated I will of course update the committee as soon as I am able to provide more information.

4 March 2024

Letter from the Chair to Kevin Hollinrake MP Minister for Enterprise, Markets and Small Business, Department for Business and Trade.

Thank you for your letter, dated 4 March 2024 on the above proposed Regulation. The House of Lords Sub-Committee on The Windsor Framework considered this letter at its meeting on 20 March 2024.

We welcome your answers to our questions and your commitment to update the Committee when you have further information. In the meantime, we retain an active interest in this document.

21 March 2024

**PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
ESTABLISHING THE UNION CUSTOMS CODE AND THE EUROPEAN UNION CUSTOMS
AUTHORITY, AND REPEALING REGULATION (EU) NO 952/2013 - COM (2023) 258 + COM
(2023) 259 + COM (2023) 262**

Letter from the Chair to Nigel Huddleston MP, Financial Secretary to the Treasury, HM Treasury

Thank you for the letter from your predecessor, dated 31 October 2023, providing an update on the above proposed Regulation applying to Northern Ireland under the Windsor Framework. The House of Lords Sub-Committee on The Windsor Framework considered these documents at its meeting on 15 November 2023.

We welcome the Government's commitment to write again as these reforms progress and would be grateful for such an update in due course. In the meantime, we retain an active interest in this document.

16 November 2023