

**Regulation (EU) 2026/2108 establishing the Union Customs Code and
the European Union Customs Authority, and repealing Regulation (EU)
No 952/2013**

Consultation Response – AJ Power Ltd

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Impact of EU Act

1. Does it appear likely that the EU act would have a significant negative impact specific to everyday life of communities in Northern Ireland in a way that is liable to persist?

Yes

Tell us why :

Regulation (EU) 2026/2108.

I am writing from the perspective of an SME manufacturing company based in Northern Ireland that exports the vast majority of its products outside

Northern Ireland. The company employs nearly 110 people in Northern Ireland and a further 35 in its overseas subsidiaries. To date, the company has successfully exported to more than 100 countries, and a significant element of its Brand value and market reputation is linked to the origin of its products.

The company maintains approximately 16,000 part numbers with over 4,000 tariff headings within its system, a substantial proportion of which are imported from Great Britain using the Trader Support Service (TSS). Due to the companies turnover these goods are classified as being "at risk".

The question being asked is whether the EU Act "will have a negative and lasting impact on the everyday lives of communities in Northern Ireland. From my perspective the answer is, Yes. The additional complexity cost, and administrative burden associated with the movement of goods have the potential to create long term challenges for businesses operating in Northern Ireland, with wider implications for local communities and economic growth.

There are approximately one million customs declarations processed annually through TSS. Across numerous SME businesses, it is evident that a substantial number of supplementary declarations, potentially running into hundreds of thousands, remain outstanding. In many instances, this situation has arisen due to a lack of customs expertise, resources, and specialist knowledge within businesses.

It should be recognised that approximately 90%((71,000) of businesses in Northern Ireland employ fewer than 10 people.(source NISRA) While the objective may be to establish a simpler, more data driven Customs framework and reduce administrative burdens for compliant traders, it is very questionable whether this can realistically be achieved under the current circumstances and especially for small SME's.

The Windsor framework has effectively introduced an International Customs border between Northern Ireland and its traditional supply base in Great Britain. As a result, a significant result a significant number of very small SME's are now required to undertake import procedures and customs compliance activities. I suspect that the volume of Customs obligations being placed upon SME's in Northern Ireland is unlikely to be replicated elsewhere in the European Union.

Greater transparency could be provided if HMRC were to publish the number of outstanding supplementary declarations, information which it undoubtedly holds. If businesses are already struggling and I believe they are, to comply with the current HMRC administered system, it raises legitimate concerns as to whether they will be able to adapt to any future system administered from Europe while remaining commercially viable.

The current arrangements have introduced significant costs for goods imported from Great Britain, calling into question the long term viability of many businesses. While it maybe argued that these costs can be mitigated by sourcing products from European suppliers, this is not always a practical solution.

In many cases, it is either economically uncompetitive or simply not feasible due to specific product standards, or customer specifications, such as those relating to SAE.

We are increasingly seeing suppliers based in Great Britain becoming understandably reluctant to supply goods to Northern Ireland, a trend highlighted by a significant FSB survey conducted last year. The reasons being quoted to us are the additional customs related costs ,as well as the administrative and compliance burdens associated with Rules of Origin requirements, particularly for smaller businesses.

The latest published trade data suggests that Trade diversion is happening with a decline in movements from GB to NI of 6.7% against an overall trend of growth. It should be pointed out that this is contrary to one of the safeguarding provisions set out in article 16.

Unfortunately, trade statistics published by NISRA are not being released in a sufficiently timely manner. . It is very concerning that the most recent trade data currently available relates to 2024.This creates an unnecessary reliance on outdated evidence making it very difficult to accurately assess current trading conditions.

Over the past several years, we have experienced ongoing difficulties in our interactions with HMRC and the Trader Support Service. The introduction the new regulations appear to increase the influence and primacy of EU requirements, while also creating the potential for substantially higher penalties in cases of non compliance. We are also concerned that these measures may result in additional bureaucracy and administrative complexity, to the detriment of business based in Northern Ireland.

The continued expansion and evolution of the regulatory framework is increasing both uncertainty and compliance costs for businesses. As a result the viability and competitiveness of many companies, particularly those trading outside Northern Ireland, may be significantly impacted

2. Does it appear likely that NOT APPLYING the EU act would have a significant negative impact specific to everyday life of communities in Northern Ireland in a way that is liable to persist?

No

Tell us why:

I do not believe that not applying the regulation would have a significant long term impact, The central argument will be the loss of "Dual Market" access.

This only applies to goods. Central government, the Department for the Economy and Invest NI have marketing these so called benefits for many years, The reality is that the current "border" arrangements put a significant cost and regulatory burden on NI manufacturers. These costs are not incurred by GB manufacturers that still have access to EU markets through the TCA. In simple terms GB manufacturers have the benefits without the costs, other than one customs entry into the EU. NI manufacturing companies can have the costs of hundreds of customs entries to make one product that maybe sold to the EU. It is somewhat damning that in the many years since inception I am unaware of any Foreign Direct Investment in the manufacturing space.

The so called benefits do not stand up scrutiny but the costs to support this myth are reality

3. Are there any other matters regarding the EU act that you wish to draw to the Committee's attention? Please note, any information provided should be of an evidential nature rather than a commentary.

No

Tell us why :

No further information required