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DRAFT REPORT

**from the 53rd Plenary Meeting of the
TRADE CONTACT GROUP (TCG)**

Date: 17 January 2019

(1) Welcome and adoption of the agenda

The **Chair** (Mr. Kermode, Director DG TAXUD/A) welcomed the TCG representatives to the 53rd Plenary Meeting dedicated on Brexit.

The **Chair** reminded the representatives that the purpose of the meeting is to explore particular questions in relation to Brexit. The current major issue is the huge uncertainty around that topic, the clear political direction for the preparedness of the ‘no deal’ scenario and the internal urgency for the contingency planning. The **Chair** informed them that their questions were grouped into clusters and incorporated into a table. However, a number of questions which were later received from **CLECAT**, **DIGITAL EUROPE**, **FEPOR** and **EUROCOMMERCE** may be discussed as an AOB point. The **Chair** announced that the Commission is preparing a ‘no deal’ guidance document which will be finalised in the coming weeks. Furthermore, the concerns of the trade representatives which will be expressed during the meeting, will be addressed to the Member States (MS) in the upcoming meeting. The **Chair** informed **CEFIC** that the meeting with the MS will take place on 01/02/2019, and the intention of the Commission is to provide answers and feedback ASAP and preferably before the end of February 2019. **AmCham EU** stated that they have been preparing for Brexit from day one and hoped that the Commission and the MS will acknowledge this and provide the trade with contingencies that might go beyond what is currently legally possible while remaining respectful to the spirit of the law. The **Chair** underlined that the legal framework will remain, and that the MS have been making various preparations. Considering that the outcome depends to a great extent on what the UK finally decides to do, the input and questions from the trade representatives may need to be transmitted to the UK. The **Chair** confirmed to **WSC** that the intention of the meeting is to understand the issues in terms of the necessary actions to be done and the messages that the Commission will pass to the UK. In addition, the Commission has increased the level of activities, and may organise a second meeting in mid-February 2019 depending on the outcome of the meeting with the MS on 01/02/2019. **POSTEUROP** stressed the importance of prompt clarity in order to avoid an impact on all international postal traffic and possibly consequences originating from the Universal Postal Union (UPU) legislation.

The agenda was adopted as proposed.

(2) Withdrawal Agreement including Transitional Period and No-Deal scenario

COM provided the following answers:

Question #1: **COM** provided an explanation of the functioning of the Protocol on Ireland/Northern Ireland. The Protocol includes all the provisions on how the so-called “backstop” solution for avoiding a hard border between Ireland and Northern Ireland would work. This forms part of the overall Withdrawal Agreement and will apply unless and until it is superseded, in whole or in part, by any subsequent agreement. If an agreement on the future EU-UK relationship is not applicable by 31 December 2020, the EU and the UK have agreed that a backstop solution will apply until such a time as a subsequent agreement is in place.

Alternatively, the UK may, before 1 July 2020, request an extension of the transition period. Such a request would be dealt with under Article 132 of the Withdrawal Agreement and must therefore be agreed by the Joint Committee. In the scenario where the "backstop solution" would apply, this would mean the following in practice:

- There will be a **single EU-UK customs territory**. This will avoid the need for tariffs, quotas or checks on rules of origin between the EU and the UK.
- The EU and the UK have agreed on a set of measures to ensure that there is a level playing field between the EU and the UK.

- The Union's **Customs Code** (UCC), which sets out, inter alia, the provisions for releasing products into free circulation within the EU, will continue to apply to Northern Ireland. This will ensure that Northern Irish businesses will not face restrictions when placing products on the EU's Single Market.
- The UK in respect of Northern Ireland will **remain aligned** to a limited set of rules that are related to the EU's Single Market and indispensable for avoiding a hard border: legislation on goods, sanitary rules for veterinary controls ("SPS rules"), rules on agricultural production/marketing, VAT and excise in respect of goods, and state aid rules.

Question #2: Trade from the UK to the EU and vice versa will be treated as third country trade. The Union Customs Code provides the legal framework for application of the customs procedures and the requirements for application of trade facilitative measures.

Question #3: The Commission is continuously engaged with the MS regarding preparedness in various format, including technical seminars with EU27 where both scenarios 'deal' or 'no-deal' are discussed. Furthermore, the Commission has published 3 Communications and 88 Brexit preparedness notices and Q&As on customs, indirect tax matters and origin: https://ec.europa.eu/info/brexit/brexit-preparedness_en

Question #4: The simplification procedures that are provided by the UCC will be applied.

Question #5: During the transition period, which will only apply when the Withdrawal Agreement is ratified by the EU and the UK, the entire Union acquis will continue to apply to and in the UK as if it were a Member State. This means that the UK will continue to participate in the EU Customs Union and the Single Market (with all four freedoms) and all Union policies. Any changes to the Union acquis will automatically apply to and in the UK. The direct effect and primacy of Union law will be preserved. All existing Union regulatory, budgetary, supervisory, judiciary and enforcement instruments and structures will apply, including the competence of the Court of Justice of the European Union.

Question #6: A specific answer cannot be provided due to the UK ratification process.

Question #7: A tolerance period is legally not foreseen.

With regard to question #3, **EEA** drew attention to the possibility of minimising any adverse effect of a 'no deal' scenario at the Channel ports. **WSC** inquired about the arrangements for safety and security declarations in case of the 'backstop.' **OCEAN** noted that in case of a cliff-edge scenario, thousands of companies will be confronted with customs procedures for which they have no knowledge as they are currently working only in the framework of the Single Market. Consequently, **OCEAN** proposed to the Commission to discuss with the national customs administrations in order to establish a protocol for introducing a concept of tolerance under certain conditions and time duration. **ESC** requested clarification on whether the single EU-UK customs territory will be accepted by partners of the EU as a customs union and what is foreseen for the border between Northern Ireland and Ireland in case of a cliff-edge scenario. As it is not possible to go beyond the current legal framework of the UCC, **AMCHAM EU** asked whether it is feasible to discuss in terms of real contingency measures and a limited grace period for safety and security declarations for ICS and ECS. In relation to the coordination between the Commission and the MS, **CLECAT** inquired whether the Commission can provide an overview of the various efforts of the individual MS. **EUROCOMMERCE** supported some of the raised points particularly by **OCEAN** and **AMCHAM EU** and underlined the significance of providing pragmatic solutions and contingencies for small businesses as they are the key element of the economy for both the UK and the EU.

Concerning the point on the 'no deal' preparedness, **COM** explained that information on preparedness had been communicated. Although many MS have provided advice to companies, the response from the businesses was very limited. Hence, **COM** requested the assistance of the trade federations to reach out to their members in order to prepare for this situation. Additionally, the Commission is also engaging with the MS which have direct transport routes with the UK. With respect to security and safety declarations, **COM** explained that the UCC will apply by virtue of the Northern Ireland-Ireland Protocol, (if the withdrawal agreement is in place) which will form part of the Union's customs territory. Therefore, goods which are moving from Northern Ireland to Ireland will not have to provide any security and safety declarations.

With regard to the question on the Channel ports, **COM** stated that they are essentially talking to the national administrations and especially concentrating on the areas where the big flows are taking place. **COM** confirmed to **OCEAN** that the legal framework must be upheld. The MS will encourage the operators to ensure that they pre-lodge declarations for the goods that arrive at the Channel ports and that they use transit to minimise the delays at the ports. A protocol of tolerance is not feasible at this point in time, but **COM** recognised the general concern about the need for the MS to apply the rules in a pragmatic manner in a period where there will be substantial uncertainty and confusion. **COM** agreed with **CLECAT** that it would be useful to have an overview of the MSs' actions depending on the constraints of the limited time. **COM** acknowledged that the small businesses should be to a certain extent protected by being well informed but nevertheless in a 'no deal' situation the customs declarations have to be made.

IRU emphasised the issue of preparedness and clarity and that they are fully prepared to assist in any possible manner, as it is absolutely important for industry and especially the road haulage sector to avoid huge queues in ports on both sides of the Channel. Moreover, some of their members were quite disappointed for the lack of option to conclude bilateral agreements with the UK in case of a 'no deal.' **ACEA** requested clarification on the 'backstop' entering into force on 01/01/2023 in case of an extension of the transitional period. **ESC** raised the following points: (a) whether the Commission is reasonably positive in extending to the UK the EU mutual recognition agreements held with third countries; (b) information on the procedure for goods coming from Great Britain and exported to Northern Ireland and then re-exported somewhere else in the EU including the Republic of Ireland; (c) the issue of groupage and numerous different loads on board of trucks and how to technically ensure that all the paperwork is complete for every single shipment; (d) shortage of intermediaries and the reluctance of many of them to take up the guarantee on behalf of newcomers in trade; (e) despite the extensive communication, newcomers in trade would need a simple flowchart with layman language.

COM confirmed to **ACEA**'s question that the 'backstop' will enter into force on 01/01/2023 in case before 1/7/2020 the EU and UK have jointly agreed to extend, the transition period up to 2 years. Furthermore, during the transitional period the agreements will remain according to today's status quo. **COM** assured **IRU** that they are in the process of contingency planning and underlined that the companies should be prepared for the 'no deal' scenario. **COM** informed **ESC** that in the absence of an agreement it is uncertain how the goods in free circulation would be dealt with and that a practical solution will be sought for the complexities of the groupage issue and the pre-lodgement. **COM** acknowledged that the safety and security issue is a major problem and added that a waiver is not currently foreseen; nonetheless, if the operators use for example transit the security and safety data can be lodged with the transit declaration.

(3) Contingency plans

COM noted that some of the questions were covered to a certain extent in the previous agenda point, and provided the following answers:

Question #8: The contingency plans are essentially the technical amendments to the Delegated Act, and the major issue is how the MS will implement them on the ground.

Question #9: In terms of legislation, amendments to the Delegated Act and to the Implementing Act will be published when adopted.

Question #10: The main concern is how the UCC provisions will be implemented.

FOODDRINK EUROPE referred to the Q&A that was joined to the contingency documents published in December 2018, and specifically to question #15 which relates to whether trucks will continue to carry goods between the UK and the EU in case of a 'no deal,' and there the Commission is proposing that the UK operators can temporarily carry goods into the Union, provided that the UK also confers equivalent rights to the road haulage operators from the Union, and that this measure will be applicable until the end of December 2019. **FOODDRINK EUROPE** asked whether there are any guarantees for the aforesaid proposal. Additionally, **FOODDRINK EUROPE** inquired whether the Commission intends to publish additional unilateral 'no deal' contingency plans for the avoidance of a hard disruption of supply chains for the food and drink manufacturing sector. **EUROCOMMERCE** acknowledged the limited time to change the legislative framework and suggested to the Commission the possibility to employ special administrative arrangements to get around this issue as a contingency solution. **EUROCHAMBRES** inquired about where to locate the Regulation proposals mentioned in the contingency paper of December 2018, and whether they will be published on CIRCABC. With regard to the import low value consignment group, **AMCHAM EU** asked whether the expansion of the threshold of 1000 Euros for the declaration by any other act to express consignments will be available on 30/03/2019.

IRU informed **COM** that there are ongoing negotiations in the Council on the road haulage Regulation, but the Parliament has not appointed a rapporteur at this time. Moreover, there have been pledges from the UK as to market access but there are no concrete legal proposals yet on the table. Therefore, if the regulation would not enter into force, then the ECMT multilateral permits would be the only available means to carry goods to and from the UK. **COM** clarified to **EUROCOMMERCE** that they do not have the legal authority to issue special administrative arrangements. **COM** confirmed to **AMCHAM EU** that no change will occur to the low value consignment group. **COM** informed **EUROCHAMBRES** that the draft amendment to the Delegated Act was published to the TCG members. Furthermore, the Delegated Acts adopted by the Commission are now with the Council and the Parliament, including the technical amendment to the UCC Delegated Act. **COM** added that all the legislative Acts are available on the Brexit Preparedness website of the Commission.

(4) Common Transit Convention (CTC)

COM provided the following answers:

Question #11: The whole process is complete from the Commission's side for the UK to become a Contracting Party in its own right, either from 30/03/2019 or at the end of the withdrawal period if a withdrawal agreement is in place.

Question #12: The timeline depends on the UK ratification for which they provided assurances that it is ongoing and will be completed in time.

Question #13: There were no objections from other Contracting Parties to the CTC.

Question #14: Once the UK is a Contracting Party to the CTC, common transit can be used for the movement of goods from Ireland across the UK to the continent (and vice versa) using also the underlying NCTS.

Question #15: It is up to the administrations to decide which customs offices will be designated as customs offices of destination. The Irish authorities are working very hard on ensuring that the land bridge option will be available from 30/03/2019 if necessary.

Question #16: The same current rules for the Proof of Union status will apply in relation to movements between two points in the EU crossing third countries.

Question #17: The six-digit HS code is a long-term objective and is not directly related to the Brexit issue.

Question #18: The Commission is confident that the CTC will be operational for the UK from 30/03/2019 if necessary.

No further questions or comments were raised by the trade federations.

(5) Movement of goods

COM provided the following answers:

Question #19: **WSC** stated that the question which was raised by them was previously answered.

Question #20: There will be disruption in the shipments between the UK and the EU and vice versa, and it is very difficult to foresee what the effects of this would be, and how the trade might or might not shift.

Question #21: In case of a hard Brexit, trade from the UK to the EU and vice versa will be treated as a third country trade. The Union Customs Code provides the legal framework for application of the customs procedures and the requirements for application of trade facilitative measures.

Question #22: There is ongoing work on excise with the preparation of a technical document and a planned meeting of the Excise Contact Group on 08/02/2019.

Question #23: The two systems (CTC and EMCS) will effectively run in parallel and everything will be driven by the common transit arrangements.

Question #24: A proof of 'export' cannot be provided in this case because goods brought to the UK before the withdrawal date could not be placed under export to the UK.

Question #25: The Commission is examining this issue.

Question #26, #27 and #28: The topic of transit was discussed earlier. In order to prevent congestion at the border, the Commission is discussing the practicalities with the most concerned MS. Currently a combination of pre-lodgement and transit seems to ensure that the process at the ports will be as smooth as possible.

FOODDRINK EUROPE inquired on how a MS customs authority will approach goods and transit and vice versa on the UK side and what are the plans of HMRC, FSA and Defra. Additionally, **FOODDRINK EUROPE** asked if infrastructure is in place. **SPIRITSEUROPE** requested clarification on the response provided by **COM** for question #23 (UK land bridge). **EUROCHAMBRES** referred to question #24 and proposed to refrain from insisting on the proof of 'export' as the sole document for the re-importation of returned goods with duty relief, and instead use other commercial documents as proposed by **CEFIC**. **ACEA** inquired whether the Commission is planning to implement a new duty refund process in case, for example, businesses can provide evidence that goods had been brought to the UK before Brexit in order to receive the customs duties back. With regard to goods released for free circulation before UK's exit from the EU, **ACEA** asked how proof of evidence may be acquired for these goods to avoid customs clearance after the goods are exported to the UK following their exit from the EU. **EUROCOMMERCE** requested further clarification for goods in the area of e-commerce (e.g. returning goods), considering that there is a limit of 30 days to move these goods backwards and forwards.

COM stated that the required infrastructure is not yet in place, but the MS administrations are working on it and the Commission is reasonably confident that the contingency measures are being established. In relation to the UK land bridge and excise, **COM** explained that there will be no substantial difference on how to treat a consignment compared to going from France to Germany via Switzerland, for example. In any case, **COM** may provide further bilateral explanation and assistance if requested. Moreover, **COM** acknowledged that the returned goods is a major issue and invited the trade federations to share any examples of problems in this respect. **EUROCHAMBRES** noted that the UK is providing a provision to accept the duty free return of British goods to the UK unilaterally, and therefore this would be a matter of disadvantage for the European companies. **COM** replied that they cannot commit to anything before a discussion with the MS is initiated.

FRESHFEL EUROPE referred to the infrastructure issue raised by **FOODDRINK EUROPE** and inquired whether there are plans to release EU funds that could be provided to the MS to assist them in their efforts and particularly for those who are facing budgetary restrictions. **CLECAT** provided an explanation on the guarantee, stating that the guarantee is in place especially for transit and that the transit movements generally take one or two days. Moreover, the company (e.g. road haulage) should be able to provide clear details of the consolidated consignment in order to facilitate the provision of the guarantee. The exact guarantee amounts needed are not entirely known which makes it difficult for companies to increase them when required, but it should not essentially be a major issue for providing the guarantees when details of the goods are identified. **COM** explained to **IPCSA** that it is expected that the UK will apply the CTC to the letter of the law, otherwise they would not have applied to join. However, the UK may have some practical issues with the customs office of transit in some ports, but they do have solutions for the short term. **COM** stated that there are no specific funds to be allocated for the infrastructure, however, the Customs 2020 program may be utilised to fund the training or retraining of staff on the new procedures.

ESC noted that transparency is needed for the calculation of the guarantee in case of a 'no deal' scenario and that their members, especially SMEs, are having difficulty in accessing the new tariff schemes. **ESC** suggested the possibility to provide in the market access database a kind of virtual situation for the 'no deal' scenario. With regard to **ACEA**'s questions, **COM** explained that the ongoing movements during the transitional period are covered in Article 47 of the withdrawal agreement. The two related conditions are that for the movements proof of Union status can be provided and evidence that the transport has started before the end of the transitional period. The proof of Union status is referenced in Article 153 of the UCC and Article 199 of the UCC-IA. For evidence of the starting date all types of transport documents can be used. Furthermore, **COM** informed that they are preparing a guidance note for the implementation of the withdrawal agreement for the titles 2 and 3 (customs, VAT, and excise) of Part III in order to explain the further

implementation of the articles. With regard to the question on guarantees, **COM** concluded that the calculation of the guarantee is constrained by the tariff that would effectively apply and acknowledged that there is a potential issue around that topic.

(6) Customs formalities and declarations

COM provided the following answers:

Question #29: This is largely a question for how the MS operate. However, the trans-European systems from which the UK will be blocked out and the registration requirements on the EORI number will be discussed in the next agenda point.

Question #30, #31: A comparable arrangement as with Norway and Switzerland to omit security data is only possible with a separate agreement between the EU and the UK. Negotiations for future agreements will only start when the UK is no longer a MS.

Question #32: The UCC framework will apply also to the rail transport through the Channel Tunnel.

Question #33: From an IT point of view, the MS are not particularly concerned with the volumetrics as they are confident that their systems can cope with the increased number of customs declarations.

Question #34: **AMCHAM EU** withdrew their question. **COM** noted that the standard processes would apply.

Question #35: This question will be discussed under the agenda point #9 on origin.

Question #36: The possibility for an export declaration accepted in the UK to be regarded as an import declaration in the EU is unprecedented, but when meeting the legal requirements for customs as well as GDPR, it could be subject of future negotiations.

Question #37: This question will be discussed under the agenda point #8 on authorisations and AEOs.

Question #38: From a legal point of view, an authorisation issued by the UK will be no longer valid in the EU as of the withdrawal date. It is assumed that the reverse also applies but this is a matter for the UK to decide.

Question #39: The EU databases will be modified in order to invalidate the UK records in the systems, with the only exception the NCTS if the UK joins the CTC.

Question #40: Extensive discussions have been initiated with regard to SPS controls. This question will be further discussed under agenda point #9 on origin.

COM informed **EEA** that no decision has been made in relation to juxtaposed controls as it would require an agreement with the UK. **FEPORT** inquired about who is responsible for submitting the ENS for a mode of transport carrying another mode of transport (ro-ro), and whether the UK will continue to work under the same ENS regime as the EU, and namely will the road haulage companies from the EU be required to submit an ENS or will the UK be adopting a different system. **WSC** sought official confirmation that the UK will mirror the approach that the EU is adopting, i.e. a cargo originating from the EU will be treated as a third country cargo and hence be subject to a safety and security declaration. **IPCSA** referred to the question #29 regarding the EORI numbers in case of a 'no deal,' and whether the UK EORI numbers will still be valid, and if not, would it be

helpful to keep them valid especially for those market participants who are obliged by legislation to send in the EORI numbers for certain declarations. **COM** stated that the question on the EORI numbers will be discussed under the next agenda point. According to **COM**'s understanding, the UK intends to mirror the approach the EU is adopting considering that the UK has been mirroring the rules of the UCC. With regard to **FEPORT**'s question and the specific case of 'ro-ro', **COM** stated that according to legislation the carrier is responsible for submitting the ENS.

(7) EORI numbers

COM provided the following answers:

Question #41, #42, #43, #44: In case of a 'no deal' scenario the EORI numbers issued by the UK authorities will no longer be valid in the EU as of the withdrawal date. The economic operators who need an EU EORI number should apply for one with the customs authority of the MS concerned. The most impacted traders are those who are mainly active in intra-EU trade, and most of them are either small or medium enterprises. A number of MS have been active in providing awareness campaigns as the EORI number is a fundamental issue but there were limited responses from traders.

COM explained to **IPCSA** that in case of a withdrawal agreement nothing changes for customs during the transitional period and the UK companies can apply for a new EORI number. **COM** further clarified that the 'backstop' will only apply after the transitional period. **AMCHAM EU** reported that a number of MS have been stating that traders with a UK EORI number cannot apply for a new one before 30/03/2019 and noted that this is a simple issue and should be solved ASAP. In addition, some MS have an unclear understanding of the concept of permanent establishment where some companies established in the UK are using a customs representative and suggested that these MS should be provided with guidance on how to deal with this concept. **CEFIC** reinforced **AMCHAM EU**'s statement that several MS refused to provide a second EORI number and asked the Commission to discuss this issue with the MS during the upcoming meeting on 01/02/2019.

CLECAT recalled that when the EORI number was initially introduced a customs administration provided in retrospect EORI numbers to companies who were in their system but did not have one and suggested to adopt this practice for resolving the issuance of a new EORI number. In connection with the representation topic, **CLECAT** noted that in case of a withdrawal agreement, nothing will change during the transition period, however, direct representation of a UK company would not be possible even after the establishment of a customs union. With regard to who would be filing the security data, **CLECAT** stated that it takes several other steps especially in the ports to confirm the exit of the goods. In any case it is a shared obligation of several parties to ensure the process is properly completed. **COM** assured that the various issues concerning the EORI number as well as the permanent establishment will be discussed with the MS during the upcoming meeting on 01/02/2019.

(8) Authorisations including Authorised Economic Operators; validity of authorisations

COM provided the following answers:

Question #45, #46, #47, #48, #49, #50: In a 'no deal' situation, the AEO certificates issued by the UK will not be valid any longer in the EU as of the withdrawal date. The issue of mutual recognition of the AEOs requires some form of agreement which is out of the scope of the 'no deal' situation. The topic around establishing an AEO status in other MS if deemed necessary will be raised by the Commission during the meeting with the MS.

EUROCHAMBERS stated that the Commission provided in the contingency notice of December 2018 exceptional time-limited provisions for certain sectors such as road haulage and air transport

and inquired why such provisions are not provided for customs authorisations with the objective of preventing businesses from the worst effects of a 'no deal' scenario. **COM** explained that these are political decisions for finding the most practical solutions for certain sectors but not in the case of authorisations. **COM** explained to **ESC** that there is not a fast track EU authorisation for AEO who are certified in the UK. However, these AEOs can address the customs authorities in the MS where they do business and attempt to apply in advance for an EU authorisation and then it is up to the MS to make the pre-audits and issue an authorisation or not. **IRU** echoed the importance of the discussed issue considering that from a transport side there is also a concern with certificates and authorisations granted in the UK and interchangeability, and there is information from the MS which are not particularly keen on fast track procedures. **COM** assured **ACEA** that they will insist on the issue of the AEOs during the upcoming discussions with the MS as there seems to be a lack of urgency and appreciation of the risks attached to this matter.

(9) Rules of origin: preferential and non-preferential goods

COM provided the following answers:

Question #51, #52, #53, #54: In relation to the EU-UK trade relationship, in case of a 'no deal' scenario, for the time being there are no reasons to foresee the need to request non-preferential certificates of origin to goods (agricultural goods) imported from the UK. In the same scenario the UK operators who are registered in the REX system will be revoked and the UK will lose access to the system. However, in the case of a withdrawal agreement the possibility to use REX after the end of the transition period will depend on the preferential relationship with the UK.

In the case of EU trade with partner countries, in accordance with the notice to stakeholders on preferential origin issues, changes in the preferential origin status will be considered at the time of importation. Proofs of origin and suppliers' declarations cannot be issued or made out for goods containing relevant UK content as originating in the EU after the withdrawal date or the end of the transition period (except if otherwise provided in the preferential relationship with EU partner countries). Similarly, proofs of origin and suppliers' declarations that were issued before the withdrawal date or the end of the transition period for goods originating in the EU with relevant UK content cannot be used after the withdrawal date or end of the transition period.

COM confirmed to **EUROCHAMBERS** that in case of a withdrawal agreement, during the transition period UK goods and UK content in EU goods will still be considered as EU originating, pending the acceptance of the third countries. A note will be issued after the withdrawal agreement is ratified informing the EU Partner countries. **FOODDRINK EUROPE** and **EUROCOMMERCE** requested information on the Commission's argumentation and leverage for the third countries to accept their proposal. **CLEPA** requested clarification on whether they need to ensure that all of their companies go back to their suppliers and ask for new suppliers' declarations for the 30/03/2019 scenario in order to be able to demonstrate that goods meet the rules of preferential origin and do not contain UK content which affect the EU origin of the goods. **ACEA** asked whether in the case of a free trade partner country, for example South Korea, which decides not to apply the FTA with the EU to the UK within the transition period, would the UK originating materials in the processing within the European Union be considered as local content. **ACEA** requested possible leniency for the first year as automobiles are already being shipped for delivery after Brexit and in order to avoid the cancelation of declarations from the suppliers. Additionally, **ACEA** raised a concern related to EU partner countries because although the rules are currently clear these countries do create problems and attempt to use every opportunity not to accept the documents.

EUROMETRO requested clarification on whether the UK will have FTAs with countries with which the EU does not have FTAs in case of the 'backstop', as this may provide the UK with the

opportunity to have preferential treatment with third countries which may be disadvantageous to the MS. **COM** noted that there are legal arguments to convince the third partner countries to accept and apply the trade preferences with the UK during the transition period of the withdrawal agreement. With regard to the question raised by **ACEA** for the possibility that a partner country may not consider UK content as EU originating, **COM** assured that partner countries cannot refuse the preferential treatment to EU goods when they are imported, and that if they have doubts about the origin status a verification procedure should be followed. **COM** clarified that the UK content will not be considered EU originating during the 'backstop,' except if otherwise provided in the preferential relationship with EU partner countries. **COM** informed that a guidance document will be published in the case of a 'no deal' scenario in order to provide clear information on proofs of origin, supplier declarations, basis for granting preferences, etc.

(10) Customs IT systems

COM provided the following answers:

Question #55, #56, #57, #58: Detailed and accurate information regarding the UK IT systems cannot be provided. The Single Window is an issue for the longer term and has no bearing on the current situation. With respect to the interoperability of the IT systems with the UK, the UK will be disconnected on 30/03/2019 with the exception of the NCTS under the assumption that the UK will join the CTC.

IPCSA stated that according to the latest information on the UK IT systems, CHIEF and CDS will run in parallel. The frontier declarations will be processed in the CHIEF system and the supplementary declarations in the CDS, while other types of declarations such as temporary storage will remain in the port community environment.

(11) VAT and excise goods

COM provided the following answers:

Question #59: The registration procedure is under MS competence, and it is not entirely clear on how they are planning to treat this matter. Nevertheless, more information will be provided as the discussions with the MS progress.

Question #60: There are no changes in the case of a withdrawal agreement, but the refund of the VAT will not be possible in a 'no deal' scenario. However, there may be requests under the thirteenth of the VAT Directive, and there was a notice on the VAT issued in September 2018 which refers to this.

Question #61: The representation is also a MS competence and is being examined by the Commission.

Question #62: The EMCS was briefly discussed earlier during the meeting. The attendants were invited to raise any further comments.

Question #63: The MOSS will depend on whether the Withdrawal Agreement will be ratified or not.

(12) Miscellaneous questions

COM provided the following answers:

Question #64-#86: **COM** noted that the UK have possibly produced a list of customs offices and the link will be shared with the trade federations if available. However, the opening hours are not known and should be provided by the UK. The Commission does not have a political cover for negotiating an agreement on security and safety prior to the withdrawal date. The UK administration is expected to publish their position on standards. The rules on SPS controls in relation to third countries are very strict and they will be applied. Therefore, border inspection posts for live animals will be necessary. There are current discussions with DG SANTE and the MS most concerned due to the relationship between customs and phytosanitary checks. The UK binding tariff information rulings will cease to be valid in the case of a 'no deal' scenario. The Commission will request anew from the UK to provide interlocutors. The UK Customs Code after Brexit is expected to be a comparable version of the UCC, and the differences are not known at this point in time. Similarly, the UK customs tariff is not yet known. With regard to the export controls on dual use goods, the Commission has adopted a proposal in the contingency package. The practical application of food labelling regulations is covered in the EU food law notice. The logistical problems on rail tracks but also road transport are being examined by the MS and the UK. There is no information at present with regard to the intrastate obligations. The mutual assistance arrangements assume an agreement and thus, it is a real concern both on the customs and tax side. In relation to the WTO and the sharing of quotas, there have been proposals put forward and the approach was that the apportionment of the quotas would be on the basis of where they currently stand. Furthermore, the draft Regulation sets up the methodology on how the split is done.

EUROCHAMBRES drew attention to the avoidance of double charging of duties, for example, for goods that have been imported before Brexit into the UK from third countries and then forwarded after Brexit into the EU 27, but also for products manufactured in the UK before Brexit and then shipped into the EU 27 after Brexit. **COM** stated that in case of a 'no deal' scenario there are no measures to regulate the double charging of duties and reminded that if the most-favored-nation tariff is not applied then the WTO rules are violated. **COM** invited **CLECAT**, **DIGITAL EUROPE**, **FEPOR**, and **EUROCOMMERCE** to discuss bilaterally the questions they had raised but were not discussed. **COM** committed to reply to **EUROCOMMERCE**'s email. **COM** briefly listed the issues that will be discussed in detail with the MS: EORI numbers, authorisations, returned goods and status, transit, safety and security, guarantees, small businesses, VAT, and origin. **COM** proposed to organise a meeting around mid-February 2019 if the need arises to discuss further details following the discussions between the MS and the Commission.

The **Chair** thanked the participants for their contributions.

Annex I: Action points

Annex II: Final Agenda

Annex II: Attendance lists

Action Points

There were no actions points.

DRAFT AGENDA

**DRAFT AGENDA 53rd PLENARY TRADE CONTACT GROUP MEETING ON
PREPAREDNESS FOR THE UNITED KINGDOM'S DEPARTURE FROM THE EUROPEAN
UNION 17 JANUARY 2019**

(Brussels, CCAB; Rue Froissart 36; meeting room 4B)

Start of the meeting at 09.30 and closure at 13.30 on 17 January 2019

- 1. Welcome and adoption of agenda**
- 2. Withdrawal Agreement including Transitional Period and No-Deal scenario**
- 3. Contingency plans**
- 4. Common Transit Convention**
- 5. Movement of goods**
- 6. Customs formalities and declarations**
- 7. EORI numbers**
- 8. Authorisations including Authorised Economic Operators; validity of authorisations**
- 9. Rules of origin: preferential and non-preferential goods**
- 10. Customs IT systems**
- 11. VAT and excise goods**
- 12. Miscellaneous questions**



17/01/2019 FINAL

53rd PLENARY MEETING OF THE TRADE CONTACT GROUP















Date: 17 January 2019










Room: CCAB/4. B

ATTENDANCE LIST of TCG Representatives

	ASSOCIATION	NAME	Signature
1	AIRLINES FOR EUROPE A 4 E	Mr Axel KLEIN	
2	ACEA	Mr Stephan FREISMUTH	
3	ACEA	Mr José Manuel GARCÍA	
4	ACEA	Mr Aliya WILLEMS	
5	AMCHAM EU	Mr Pablo MUÑIZ	
6	AMCHAM EU	Mr Walter VAN DER MEIREN	
7	AMFORI	Mr Stuart NEWMAN	
8	APPLiA (C E C E D)	Mr Jeroen DEFLOO	
9	BUSINESSEUROPE	Mr Berthold HEIL	
10	CAOBISCO	Ms Muriel KORTER	
11	CECCM	Mr Narcis GAVAN	

12	 CECCM	Ms Nathalie DARGE	
13	 CEPIC	Mr Jimmy GENINAZZI	
14	 CELCAA	Ms Pascale ROUHIER	
15	 CELCAA	Ms Alice O'DONOVAN	
16	 CER	Mr John MORTELL	
17	 CER	Mr Wessel SIJL	
18	 CLECAT	Mr Dominique WILLEMS	
19	 CLEPA	Ms Siobhan AARONS	
20	 CONFIAD	Ms Agnieszka SMIATACZ	
21	 DIGITAL EUROPE	Ms Sarah WAGNER	
22	 DIGITAL EUROPE	Ms Michele PASTORE	
23	 EBCA	Ms Julie RICHERT	
24	 ECG	Mr Mike STURGEON	
25	 E.C.S.A	Ms Eleni PIPERA	
26	 E.E.A	Mr Graham JOYCE	

27	 Delivering a competitive Europe E.E.A	Mr Steven POPE	
28	 European Semiconductor Industry Association EECA – ESIA	Mr Josephus BAKKER	
29	 ESC	Ms Pauline BASTIDON	
30	 ESC	Mr Godfried SMIT	
31	 EURATEX	Mr Ralph KAMPHÖNER	
32	 EUROCHAMBRES	Mr Steffen BEHM	
33	 EUROCOMMERCE	Mr Graham AUSTIN	
34	 EUROMETAUX EUROPEAN ASSOCIATION OF METALS EUROMETAUX	Ms Elena VYBOLDINA	
35	 EurTradeNet - ETN	Ms Maite MIRET	
36	 Federation of the European Sporting Goods Industry FESI	Mr Luca BONIOLO	
37	 FEPORT	Mr Conor FEIGHAN	
38	 FOODDRINK EUROPE	Mr Louis HINZEN	
39	 EUROPEAN FRESH PRODUCE ASSOCIATION FRESHFEL EUROPE	Ms Natalia SANTOS GARCIA BERNABE	
40	 EUROPEAN FRESH PRODUCE ASSOCIATION FRESHFEL EUROPE	Ms Nelli HAJDU	

41	 FUELSEUROPE	Ms Svenja OTTO	
42	 IATA	Mr Christian PIAGET	
43	 I P C S A	Mr Richard MORTON	
44	 I P C S A	Mr Uwe LIEBSCHNER	
45	 I R U	Mr Marc BILLIET	
46	 I R U	Mr Gilles Arduin GEENEN	Excused
47	 O C E A N	Mr Jean Luc MERIAUX	
48	 O C E A N	Ms Marta SCHEJA	
49	 ORGALIME	Mr Martin PIOCH	
50	 ORGALIME	Mr Luca CONTI	
51	 spiritsEUROPE	Mr William LAVELLE	
52	 spiritsEUROPE	Ms Marie AUDREN	
53	 POSTEUROP	Mr Reinhard FISCHER	
54	 W S C	Mr Damian VICCARS	
55	 U P E i	Mr Adri NIEUWDORP	



53rd PLENARY MEETING OF THE TRADE CONTACT GROUP

Date: 17 January 2019

Room: CCAB/4. B

EUROPEAN COMMISSION: - Representatives

Name	Unit	Signature
Mr Philip KERMODE	TAXUD/A – Chair, Director	
Mr Jozef HUPPERETZ	TF50	
Ms Ilze KUNIGA	TAXUD/A.1 - Head of Unit	
Ms Valérie ENJOLRAS	Assistant to the Director-General	
Mr Enda RYAN	TAXUD/B.1 – Policy Officer	
Mr Arnaud ROHMER	SG/BPG – Policy Officer	
Mr Dieter KASPEREIT	TAXUD/A.2 – Policy Officer	
Ms Katerina BUCHTOVA	TAXUD/A.2 – Policy Officer	
Ms Maria Isabel GARCIA CATALAN	TAXUD/E.4 - Deputy Head of Unit	
Mr Georgios KARVOUNIS	TAXUD/B.3 – Information Systems Officer	
Ms Aliz KOVACS-NEGYESICZKY	TAXUD/A.1	