



House of Commons
Northern Ireland Affairs
Committee

**Unfettered Access:
Customs Arrangements
in Northern Ireland
after Brexit:
Government Response
to the Committee's
First Report of Session
2019–21**

**First Special Report of Session
2019–21**

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Northern Ireland Affairs Committee

The Northern Ireland Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Northern Ireland Office (but excluding individual cases and advice given by the Crown Solicitor); and other matters within the responsibilities of the Secretary of State for Northern Ireland (but excluding the expenditure, administration and policy of the Office of the Director of Public Prosecutions, Northern Ireland and the drafting of legislation by the Office of the Legislative Counsel).

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Publication

Committee reports are published on the Committee's website at www.parliament.uk/niacom and in print by Order of the House.

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You can follow the Committee on Twitter using [@CommonsNIAC](https://twitter.com/CommonsNIAC).

First Special Report

The Northern Ireland Affairs Committee published its First Report of Session 2019–21, [Unfettered Access: Customs Arrangements in Northern Ireland after Brexit](#) (HC 161), on 14 July 2019. The Government’s response was received on 11 September 2020 and is appended to this report.

Appendix: Government Response

UNFETTERED ACCESS: CUSTOMS ARRANGEMENTS IN NORTHERN IRELAND

Thank you for sending me a copy of your committee’s report, “Unfettered Access: Northern Ireland and Customs Arrangements after Brexit”. I am grateful for the work of the Committee on this and have taken time to fully consider the recommendations contained within the report.

I attach the Government’s response to your report to this letter. It sets out each of the Committee’s recommendations (and its paragraph number) as it appears in the report and provides a brief response to each. As the recommendations contained within the report impact upon departments other than the Northern Ireland Office, I have ensured that consideration has been given and input provided to the response from relevant departments across Whitehall.

I would like to take this opportunity to personally thank you and each of the Committee’s members again for the work that you do in supporting and protecting the interests of the people of Northern Ireland.

I have also shared a copy of this letter with the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office.

RT HON BRANDON LEWIS CBE MP

SECRETARY OF STATE FOR NORTHERN IRELAND

UNFETTERED ACCESS: CUSTOMS ARRANGEMENTS IN NORTHERN IRELAND

NIAC CONCLUSIONS AND UK GOVERNMENT RESPONSE

Introduction

1. With less than six months to go, businesses are still in the dark about what they should be preparing for on 1 January 2021. The situation is now urgent, and the continued lack of detail risks Northern Ireland not being prepared for the new trading arrangements, an outcome which would have significant economic consequences. We remain to be convinced that the Government fully understands that its political approach, apparently informed by limited understanding of how business works, provides neither the clarity nor the detail that Northern Ireland business requires. Political theory cannot trump commercial necessity. We also remain to be convinced that the cumulative impact of Protocol uncertainty, coupled to Covid-19, has been fully reflected upon. (Paragraph 8)

2. *Notwithstanding the convention that Government Departments respond to Select Committee reports within 60 days of publication, the existential nature of the matters raised in this report for businesses, compounded by the pressures of Covid-19, merit a response being provided by the end of August.* (Paragraph 11)

Government Response: We are committed to working closely with businesses as we implement the Protocol: they are at the heart of our approach. This is reflected in the commitments we have made to unfettered access to the whole UK market; to no tariffs on goods remaining in the UK's customs territory; to Northern Ireland benefiting in full from the UK's FTAs with third countries; and to streamlining the processes under the Protocol to the maximum extent to ensure there is no new customs infrastructure. We are legislating for unfettered access in the UK Internal Market Bill, delivering as we set out to do in our manifesto and as part of the New Decade, New Approach deal. The purpose of the UK Internal Market Bill is to promote the continued functioning of the internal market in the UK after the conclusion of the Transition Period provided for in the Withdrawal Agreement and the European Union (Withdrawal) Act 2018.

We established the Business Engagement Forum to ensure sustained dialogue with a wide range of businesses throughout Northern Ireland. A consistent message has been the call for further clarity on the requirements of the Protocol and on the support that the UK Government will provide. We have responded to this. As set out in the Secretary of State for Northern Ireland's letter to the Chair of the Select Committee on 7 August, a first tranche of guidance to businesses moving goods into and out of Northern Ireland and of the funding support available for the development of systems underpinning the processes involved has been published. This funding includes £200 million for a new free-to-use Trader Support Service that will complete digital processes on behalf of businesses importing goods into Northern Ireland, as well as £155 million to fund the development of new technology to ensure new processes can be fully digital and streamlined.

The guidance published on 7 August is clear where further information will be required, for example where the applicable regime will need to take account of the outcome of

discussions between the UK and the EU in the Joint Committee, or where the position is the subject of ongoing consultation or consideration. The Government has been clear that in cases such as these, further guidance will be provided as soon as possible.

Customs arrangements under the Northern Ireland Protocol

3. The Government’s optimistic aspiration to facilitate unfettered access set out in the Command Paper on the revised Northern Ireland Protocol is welcome. The acid test for the Government will be the extent to which it can negotiate the translation of that aspiration into a functional reality. (Paragraph 25)

4. *The Government must set out the parliamentary timetable by which it plans to translate its aspiration to legislate for ‘unfettered access’ into law.* (Paragraph 26)

Government Response: The Protocol is clear that nothing in it prevents Northern Ireland business enjoying unfettered access to the rest of the UK internal market. We will ensure this and have included measures in the Internal Market Bill. The purpose of the UK Internal Market Bill is to promote the continued functioning of the internal market in the UK after the conclusion of the Transition Period provided for in the Withdrawal Agreement and the European Union (Withdrawal) Act 2018. The Bill also provides for how aspects of the Northern Ireland Protocol to the Withdrawal Agreement apply in the UK’s domestic law. In particular it ensures that the Government will be able to deliver its commitments to protect peace in Northern Ireland and the Belfast (“Good Friday”) Agreement, and to strengthen and maintain the UK internal market.

5. *The Government must clarify the process and criteria by which Northern Ireland goods will be given qualifying status and so benefit from unfettered access. If the Government’s policy includes the certification of goods by businesses, it must set out what actions businesses will need to take no later than 1 October 2020 to allow businesses time to prepare.* (Paragraph 27)

Government Response: The UK Government has committed to giving businesses the information and support needed to get ready to make changes at the end of the Transition Period on 31 December 2020. The first tranche of guidance to businesses moving goods into and out of Northern Ireland and of the funding support available for the development of systems underpinning the processes involved was published on 7 August. As work on implementation and discussions with the EU progress, further guidance and clarity will be provided to businesses at the earliest opportunity.

6. We are concerned that, in spite of the importance and urgency of the work to be done by the Joint Committee and Specialised Committee in order to implement the Protocol, they have met a combined total of three times. (Paragraph 36)

7. Both the UK and the EU will need to engage constructively to make the Protocol work. The Protocol was created to address the specific circumstances of Northern Ireland. In line with the Protocol, the Joint Committee should therefore be a problem-solving forum where the best interests of Northern Ireland come first and the operation of the all-island economy is taken into account. (Paragraph 37)

8. Effective parliamentary scrutiny of decision-making in the Joint Committee and Specialised Committees will require active facilitation by Government, because the relevant papers and records are not in the public domain. (Paragraph 40)

9. *In consultation with the Liaison Committee, the Government must agree routinely to share the relevant agendas, summary minutes and minutes of the Joint Committee and the specialised committees with the appropriate parliamentary Select Committees and Committees of the Northern Ireland Assembly.* (Paragraph 41)

Government Response: We understand the importance of parliamentary scrutiny of the Joint Committee process. Agendas and summary minutes of the Joint and Specialised Committees may be made public at the discretion of the co-chairs, as per the rules of procedure, but this must be balanced against the need for sensitivity as negotiations progress. The Chancellor of the Duchy of Lancaster will continue to keep Parliament informed of progress throughout negotiations.

10. *The Government must establish a mechanism by which Northern Ireland businesses, representatives, trade unions, academics and other interested parties can engage with the Joint Committee, Specialised Committees and the Joint Consultative Working Group.* (Paragraph 44)

Government Response: The Government engages regularly with businesses, business representative groups and other parties. Engagement on the practicalities of the Ireland/Northern Ireland Protocol has most recently been formalised via the Business Engagement Forum which was committed to in the Command Paper and which, as of the date of this reply, has now met fourteen times since its formation in June.

Discussions have been held across the full range of issues connected to the Protocol and future trade agreements, with a particular focus on the movement of goods between Great Britain and Northern Ireland. We want to build on this strong platform of business engagement, including through the Business Engagement Forum, to continue this work. That includes ensuring traders are ready to use the Trader Support Service from its inception, and to inform our implementation work and our discussions with the EU. We continue to rely on the input of the Business Engagement Forum to inform our approach as we take forward implementation of the Protocol and findings are shared with those involved in Joint Committee and Specialised Committee discussions.

11. The Northern Ireland Protocol creates new possibilities of future legal divergence between Northern Ireland and Great Britain. The extent of this divergence will depend, in part, on the outcome of talks on the future relationship, and, in part, on future policy decisions taken by the UK Government. Both the UK Parliament and the Northern Ireland Assembly will need to be able to monitor and scrutinise the Protocol beyond the end of the transition period. (Paragraph 48)

12. *The Government must establish mechanisms for the reporting and scrutiny of future regulatory divergence arising from the Northern Ireland Protocol after the transition period. At a minimum, those mechanisms should include a requirement that all future UK legislation include a Northern Ireland Protocol Impact Statement. This statement should:*

- a) *report any interaction between the legislation and the areas of EU law listed in Annex 2 of the Northern Ireland Protocol; and*

- b) *state whether the legislation creates new regulatory divergence between Northern Ireland and Great Britain as a result of the Northern Ireland Protocol.*

The Government should establish a mechanism that allows Parliament and the Northern Ireland Assembly to be informed whenever the EU, in the Joint Consultative Working Group, notifies the UK of planned EU legislation within the scope of the Protocol. (Paragraph 49)

Government Response: The Government is considering the process for scrutinising proposed EU legislation that may be within the scope of the Protocol after the end of the Transition Period.

Movement of goods from Northern Ireland to Great Britain

13. In practice, we expect ‘unfettered access’ to mean the absence of new regulatory barriers, costs or administrative requirements to businesses moving goods from Northern Ireland to Great Britain. Benefits would accrue from the same being true for movements in the opposite direction. (Paragraph 55)

14. *The Government must ensure that Northern Ireland businesses do not face new up-front or ongoing costs in order to move goods from Northern Ireland to Great Britain. Such costs would not be compatible with the Government’s commitment to unfettered access.* (Paragraph 56)

Government Response: The Protocol is intended to support the long term economic stability of Northern Ireland, and the Government’s approach is underpinned by a commitment to this objective. The Government has been consistent in its commitment to ensure that businesses based in Northern Ireland have true unfettered access to the rest of the United Kingdom without paperwork.

15. It is unclear whether the Government believes that the agreement of the WAJC is necessary or merely desirable to avoid the imposition of export or exit summary declarations on goods leaving Northern Ireland. There has to be a suspicion that the Government sees its Command Paper as just that, a command, rather than a proposal which requires negotiation and agreement. The UK’s approach depends on the EU granting waivers from export declarations and exit summary declarations. While the Government’s interpretation is desirable, it is ultimately a matter for the EU whether it grants that concession. We note that such declarations will be required under the Protocol if the rule is not waived, and that this would be incompatible with the commitment to unfettered access. (Paragraph 59)

16. *The Government must set out, in a timely fashion, how it will facilitate unfettered access if it does not secure a waiver from export declarations and exit summary declarations in the Joint Committee.* (Paragraph 60)

Government Response: The Government is fully committed to implementing the Withdrawal Agreement and the Northern Ireland Protocol. Throughout the last year, as we have taken steps to comply with our obligations under the Protocol, we have constantly sought to honour both our international obligations and our commitments to the people of Northern Ireland. The Protocol itself states that it “should impact as little as possible on the everyday life of communities.”

The Protocol makes clear that Northern Ireland would remain part of the UK’s customs territory: “Northern Ireland is part of the customs territory of the United Kingdom”. That clearly means there can be no tariffs on trade in goods which remain within the UK. The purpose of the UK Internal Market Bill is to promote the continued functioning of the internal market in the UK after the conclusion of the Transition Period provided for in the Withdrawal Agreement and the European Union (Withdrawal) Act 2018. The Bill also provides for how aspects of the Northern Ireland Protocol to the Withdrawal Agreement apply in the UK’s domestic law. In particular it ensures that the Government will be able to deliver its commitments to protect peace in Northern Ireland and the Belfast (“Good Friday”) Agreement, and to strengthen and maintain the UK internal market.

Throughout the last year, as we have taken steps to comply with our obligations under the Protocol, we have constantly sought to honour both our international obligations and our commitments to the people of Northern Ireland. The Protocol itself states that it “should impact as little as possible on the everyday life of communities.”

Underpinning the Protocol was the very clear understanding on both sides that new border processes, unless very carefully managed, could upset the delicate balance between the two communities in Northern Ireland.

That is why the Protocol is so clearly based on the principle of consent: that all the special arrangements in it only remain in place for as long as the representatives of the people of Northern Ireland vote to continue them.

One consequence of the fact that the Protocol had to solve very complicated issues is that certain elements were left for ongoing discussions after the UK left the EU. It proved impossible in negotiations to resolve some of the detail. Accordingly these provisions were drafted in a broad brush way with the detail left to be resolved in the Joint Committee during 2020. These talks began in March and continued throughout the summer in a spirit of good faith and mutual respect for the delicate arrangements in Northern Ireland.

It is of course possible that these areas will all be resolved in the Joint Committee in a way that upholds the integrity of the UK and delivers on the overriding commitments on which the Protocol is based. But if it is not, and the legal uncertainty persists, then the consequences will be damaging. All goods travelling from GB to NI will be deemed to be ‘at risk’ and hence potentially liable to EU tariffs; NI exporters will have to comply with burdensome customs procedures when sending goods to GB; and there is a risk of legal confusion over whether or not any future subsidies provided by the UK Government to firms in GB have to comply with EU state aid rules - undermining our economic recovery.

None of these were consequences intended by the Protocol, which was designed to uphold the peace process, to respect Northern Ireland’s place in the UK’s internal market, and to be restricted in its effects to NI. Indeed these defaults run directly counter to principles that were made clear in the Protocol itself.

These default rules would be harmful to the integrity of the UK internal market and risk undermining the huge gains of the peace process. This would have extremely serious implications for the communities of Northern Ireland.

The Government is extremely confident that the EU is working in good faith and shares our desire to avoid these serious consequences. However as a responsible government we must ensure there is no risk of these damaging consequences coming into force. It is therefore important for the government to be able to act as necessary if a negotiated outcome in the Joint Committee should not be possible. This is not an outcome that we expect, or hope for, but one that any responsible government must be prepared for.

Movement of goods from Great Britain to Northern Ireland

17. The Protocol recognised Northern Ireland’s integral place in the UK’s internal market. That recognition should mean that businesses and consumers in Northern Ireland can buy as freely from Great Britain as they can sell into it. The Command Paper confirmed that that will not be the case. Movements of goods from Great Britain to Northern Ireland will be subject to new administrative requirements, with associated costs. In this respect, Northern Ireland businesses will trade at a competitive disadvantage with other UK firms, and consumers in Northern Ireland are likely to see increased prices and reduced choice as a result. The net effect of those changes will create an imbalance in the UK internal market that may have wider implications for the Union. (Paragraph 71)

18. *The Government must deposit in the Libraries of both Houses of Parliament quarterly reports for the first two years after the introduction of the new arrangements, and annual reports thereafter, on the effect of the new customs regime on (a) investment and (b) business competitiveness in Northern Ireland.* (Paragraph 72)

Government Response: *The purpose of the UK Internal Market Bill, laid in Parliament on 9 September, is to promote the continued functioning of the internal market in the UK after the conclusion of the Transition Period provided for in the Withdrawal Agreement and the European Union (Withdrawal) Act 2018. The Bill also provides for how aspects of the Northern Ireland Protocol to the Withdrawal Agreement apply in the UK’s domestic law. In particular it ensures that the Government will be able to deliver its commitments to protect peace in Northern Ireland and the Belfast (“Good Friday”) Agreement, and to strengthen and maintain the UK internal market. Legislating for unfettered access protects Northern Ireland’s access to the rest of the UK market.*

The Government will of course continue to keep Parliament informed of key developments.

19. *The Government must commit to covering the costs to businesses of complying with the Protocol, such as the cost of completing new declarations and the cost of new hardware and software, to prevent any disincentive to trade between Northern Ireland and the rest of the UK. In providing such support, the Government will need to consider the effect of the provision of such support on compliance with Article 10 of the Protocol concerning state aid.* (Paragraph 73)

Government Response: *The purpose of the UK Internal Market Bill is to promote the continued functioning of the internal market in the UK after the conclusion of the Transition Period provided for in the Withdrawal Agreement and the European Union (Withdrawal) Act 2018. The Bill also provides for how aspects of the Northern Ireland Protocol to the Withdrawal Agreement apply in the UK’s domestic law. In particular it ensures that the Government will be able to deliver its commitments to protect peace in*

Northern Ireland and the Belfast (“Good Friday”) Agreement, and to strengthen and maintain the UK internal market. Legislating for unfettered access protects Northern Ireland’s access to the rest of the UK market.

We recently committed to provide extensive support for businesses engaging in new processes, in particular through a new and unprecedented Trader Support Service, backed by up to £200 million in funding, which will provide an end-to-end service guiding traders through all import processes, including handling digital import and safety and security declarations on their behalf at no additional cost. The guidance we recently published on 7 August sets out further details on this service and how to register to use it from the end of the UK transition period.

The Protocol sets out that EU state aid rules will apply in certain cases where this is relevant to trade between Northern Ireland and the EU. The Government will provide further information on how these provisions should be operated by public authorities before the end of the Transition Period.

20. The Command Paper correctly prioritised minimising administration associated with moving goods from Great Britain to Northern Ireland. However, elements of the Government’s approach rely on agreement and co-operation by the EU, and the Command Paper does not specify what form such agreement and co-operation might take and what specific decisions the Joint Committee will need to take to implement that approach. (Paragraph 74)

21. *The Government must set out the decisions that it believes must be taken by the Withdrawal Agreement Joint Committee to implement the Protocol in the way outlined in its Command Paper. It must clarify which of the facilitations allowed under the Union Customs Code the Government would seek to employ, and whether it will seek any additional facilitations.* (Paragraph 75)

Government Response: As detailed in the May Command Paper, the Protocol sets out further negotiating tasks for the Withdrawal Agreement Joint Committee in three additional areas: agricultural subsidies, fisheries and supervision.

We will continue to work with the EU in the Joint Committee to resolve outstanding issues with the Protocol – that is our overriding priority. However, as a responsible Government, we cannot allow the peace process or the UK’s internal market to inadvertently be compromised by unintended consequences of the Protocol. The purpose of the UK Internal Market Bill is to promote the continued functioning of the internal market in the UK after the conclusion of the Transition Period provided for in the Withdrawal Agreement and the European Union (Withdrawal) Act 2018. The Bill also provides for how aspects of the Northern Ireland Protocol to the Withdrawal Agreement apply in the UK’s domestic law. In particular it ensures that the Government will be able to deliver its commitments to protect peace in Northern Ireland and the Belfast (“Good Friday”) Agreement, and to strengthen and maintain the UK internal market.

22. *The Government must clarify by 1 October 2020 under what circumstances, if any, movements of goods from Great Britain to Northern Ireland will be subject to customs or regulatory checks. Specifically, the Government must confirm the circumstances under which the following would be required:*

- a) *import declarations;*
- b) *entry summary declarations*
- c) *safety and security certificates;*
- d) *export health certificates;*
- e) *phytosanitary certificates; and*
- f) *certificates of origin.* (Paragraph 79)

Government Response: *As set out in recent guidance published on 7 August, the Protocol entails some new administrative processes for traders, notably new digital import declaration requirements, and digital safety and security information, for goods entering Northern Ireland from the rest of the UK. These processes, which will be administered by UK authorities, are needed to make sure that tariffs are not paid on trade within the UK, that Northern Ireland can benefit from UK FTAs, and that goods destined for Ireland and the EU (i.e. at a genuine and substantial risk of doing so) pay tariffs when they should.*

The UK Government will establish a new, free service, the Trader Support Service, which will record electronic information on goods movements so that traders do not have to engage with new digital customs systems or processes. This service will deal with formalities (such as import declarations and safety and security information) on behalf of traders, providing unprecedented support for Northern Ireland business. Where a trader uses the Trader Support Service to complete these they will not need to access HMRC systems, such as CDS or ICS, themselves.

The guidance published on 7 August set out a series of requirements that will apply to movements of agrifood products from Great Britain to Northern Ireland from 1 January 2021. As detailed in the guidance, depending on the commodity being moved (and subject to the outcome of discussions with the EU about the process and frequency of agri-food controls), these requirements include Export Health Certificates and Phytosanitary Certificates.

23. We welcome the Government’s assurance that it will waive and/or reimburse tariffs on goods moving from Great Britain to Northern Ireland, even where such goods are classified as being ‘at risk’ of entering the EU market. This assurance is key to maintaining business confidence in Northern Ireland, the UK and the EU. (Paragraph 84)

24. *The Government must confirm how it intends to use the flexibilities allowed under Article 5(6) of the Protocol to waive or reimburse the cost of tariffs on the movement of goods from Great Britain to Northern Ireland.* (Paragraph 85)

Government Response: *The Government has been clear that there should be no tariffs on internal UK trade, and that in any case full use will be made of waivers and reimbursements to minimise the impact on business in any scenario. The purpose of the UK Internal Market Bill is to promote the continued functioning of the internal market in the UK after the conclusion of the Transition Period provided for in the Withdrawal Agreement and the European Union (Withdrawal) Act 2018. The Bill also provides for how aspects of the Northern Ireland Protocol to the Withdrawal Agreement apply in the*

UK’s domestic law. In particular it ensures that the Government will be able to deliver its commitments to protect peace in Northern Ireland and the Belfast (“Good Friday”) Agreement, and to strengthen and maintain the UK internal market.

Making the Protocol operational

25. There is a widespread perception that the Government has failed to communicate effectively with businesses and wider society in Northern Ireland, and that the Government has not involved Northern Ireland stakeholders sufficiently in developing the arrangements under which traders will be expected to operate once the Protocol takes effect. (Paragraph 95)

26. *The Government must begin registering businesses for its new customs systems by 1 October 2020. Businesses must be told what preparations they need to make in order to avoid disruption to goods movements in January 2021.* (Paragraph 96)

Government Response: On 7 August we set out further guidance on what the Protocol means for moving goods into and out of Northern Ireland. The guidance underlines our commitment to unfettered access, and to minimising burdens on business. We recognise that with implementation work and EU discussions still underway, we cannot provide all details at this stage. However, we want to set out as much information as we can now, to help businesses prepare.

At the heart of the guidance for businesses published on 7 August is the commitment to provide extensive support for businesses engaging in new processes.

In particular, the Government has announced a new and unprecedented Trader Support Service, which will record electronic information on goods movements so that all traders moving goods between Great Britain and Northern Ireland and importing goods into Northern Ireland from the rest of the world do not have to engage with new digital customs systems or processes.

The service should be operational from September and will be able to help businesses prepare for the end of the Transition Period on 31 December. We have continued to engage with stakeholders, including through the Business Engagement Forum, to ensure traders are ready to use the Trader Support Service from its inception. Traders are invited to sign up to the service at <https://www.gov.uk/guidance/trader-support-service>.

27. We welcome the formation of the Business Engagement Forum to improve communications with businesses in Northern Ireland. The Government must publish terms of reference for the forum, so that its purpose can be properly understood, and it must clarify how it will engage small businesses and trade unions with the forum. Given that the Cabinet Office leads the Government’s work on the Withdrawal Agreement Joint Committee, whose decisions will be of significant consequence for businesses, the Cabinet Office must work closely with the Northern Ireland Office on business engagement. (Paragraph 97)

Government Response: The purpose of the Business Engagement Forum is as set out in the Command Paper: it will meet on a regular basis to allow Northern Ireland’s businesses to put forward proposals and provide feedback on how to maximise the free flow of trade. Small and medium-sized enterprises (SMEs), as well as larger businesses and trade bodies, frequent the forum so as to give a broad picture of the needs of businesses in Northern Ireland.

The Northern Ireland Office and Cabinet Office work closely together on matters involving the Protocol and the needs of businesses. This involves regular official-level contact as well as ministerial engagement. For instance, both the Chancellor for the Duchy of Lancaster and the Secretary of State for Northern Ireland chaired a Business Engagement Forum focused on the newly published business guidance on 7 August.

28. *The Government must ensure that the Business Engagement Forum is informed and consulted on future developments in relation to the Protocol, including new UK Government legislation, new EU legislation that may apply under Annex 2 of the Protocol and decisions of the Joint Committee. (Paragraph 98)*

Government Response: The Business Engagement Forum is a channel for the Government and Northern Ireland’s business community to hold full and frank discussions, allowing policy officials from a range of Government departments to work on the granular detail of Protocol policy and implementation with relevant stakeholders.

The Government is considering the process for scrutinising proposed EU legislation that may be within the scope of the Protocol after the end of the Transition Period.

29. *The Government must set up a dedicated advisory service to support businesses in their preparations for moving goods across the Irish Sea under the Protocol. (Paragraph 99)*

Government Response: On 7 August the UK Government announced that it will establish the Trader Support Service. This new free service will record electronic information on goods movements so that traders do not have to engage with new digital customs systems or processes. The service will deal with formalities (such as import declarations and safety and security information) on behalf of traders, providing unprecedented support for Northern Ireland business.

Initially, traders will be able to register with the service and receive support and guidance on what the Protocol means for them. This will include the steps they need to take to comply with them (including getting an Economic Operators Registration and Identification - EORI - number). Traders will also be supported to understand the information they will need to collect about their goods, including their description, value and any supporting documentation required.

The service will then use this information to complete import and safety and security declarations on behalf of traders. Where a trader uses the Trader Support Service to complete these they will not need to access HMRC systems, such as the Customs Declaration Service or Import Control System, themselves.

The service will be operational later this month, allowing it to support traders to prepare for the end of the Transition Period.

30. We welcome the Government’s clarification that, although existing infrastructure at points of entry may require expansion, it does not intend to create new infrastructure at points of entry that do not already process plant or animal products. (Paragraph 103)

31. The implementation of the Protocol is potentially an opportunity to update the UK’s customs and port infrastructure with digital technology. We note that modernising Northern Ireland’s customs infrastructure has the potential to make Northern Ireland a more attractive place to do business. (Paragraph 104)

32. The Government stated that many administrative requirements on Great Britain to Northern Ireland movements can be simplified or waived using digital processes. Such facilitations will require co-operation with and agreement by the EU. We welcome the aspiration to streamline customs processes, but businesses need more detail if they are to take advantage of these facilitations and avoid incurring new costs. The Government will also need to ensure there is sufficient time to trial and test the new processes so that business can use them with confidence from 1 January. (Paragraph 108)

33. HMRC's engagement with businesses on the IT required to implement the Protocol is welcome. As previous Brexit deadlines have shown, however, supporting businesses to prepare appropriately is challenging. This challenge is compounded by the effects of Covid-19 on businesses and on public finances. (Paragraph 109)

34. *The Government must publish the risk register for the implementation of its IT platform for managing the movement of goods across the Irish Sea, so that this project can be properly scrutinised. HMRC officials should agree to provide a written update to the Committee before the end of July, and to appear before the Committee to give oral evidence on the implementation of the project before the end of October.* (Paragraph 110)

Government Response: HMRC is committed to having its internal IT systems in place to facilitate the flow of trade between Great Britain and Northern Ireland. This will include ensuring that electronic processes for both fiscal and regulatory purposes can be received and processed. HMRC has proactively and will continue to make assessments of the internal and external delivery needed to operationalise the Northern Ireland Protocol for the end of the transition period. HMRC is working with its external delivery partners to deliver additional functionality on HMRC systems to support the unique requirements of the Northern Ireland Protocol. Much of this will be through the Trader Support Service.

HMRC will of course respond to any request to give evidence to the Committee.

More widely, to note the Government's consultation on the 2025 Border Strategy has just closed. This set out our vision for the world's most effective border by 2025 and sought views on how new digital systems can improve trader and traveller experience and make the UK more secure. The full Border 2025 strategy will be set out before the end of the year.

35. *The Government must set out:*

- a) *how many new customs transactions on movements of goods between Great Britain and Northern Ireland it believes will take place under the Protocol in each of the next three years;*
- b) *the number of additional customs agents and official veterinarians it estimates will be needed to process those transactions; and*
- c) *the number of customs agents and official veterinarians recruited since the adoption of the Protocol.* (Paragraph 115)

Government Response: Declaration volumes will depend on how businesses choose to operate, and we are engaging with industry to understand their operating models.

For traders importing into Northern Ireland, the Government has announced a major package of investment to help traders engaging in new processes under the Protocol. At the centre of this package is a new, free-to-use Trader Support Service—an end-to-end support service which will educate traders on what the Protocol means for them and complete import and safety and security declarations on their behalf and will lessen the demand for customs agents for the length of the service.

The Trader Support Service will be backed by funding of up to £200 million, enabling businesses of all sizes who move goods between Great Britain and Northern Ireland or import goods into Northern Ireland from the rest of the world to draw on the support it provides.

In Great Britain, export certification for most animal products operates from the private sector. Over time we would expect the market to match supply and demand. Defra’s aim has been to support the market in meeting predicted demand by providing funding for training of veterinarians to become Official Veterinarians (OVs), which enables them to certify exports of Products of Animal Origin.

In addition to the funding provided last year, a further £200,000 training scheme is being developed to increase OV numbers further and to fund specialised training modules to enable greater certification of Products of Animal Origin, ungulates and equines. The number of OVs holding the qualification that allows them to certify exports of products of animal origin has increased from around 600 in February 2019 to approximately 1,200 currently.

Defra have allocated a further £100,000 to re-open the Certifying Support Officer training scheme ahead of the end of the Transition Period. CSOs can handle several preliminary and administrative tasks to prepare consignments for certification by an OV. DAERA also have their own recruitment campaign for OVs, which is currently ongoing.

There are significant difficulties in trying to estimate the numbers of OVs required for movement of goods between Great Britain and Northern Ireland. This is due in part to uncertainties around the outcome of negotiations with the EU, and the impact of COVID-19 on future trade flows.

36. The introduction of new customs arrangements is an opportunity for new kinds of customs fraud. We note that in the past the proceeds of such crimes have been used to fund paramilitarism. The Protocol was conceived to protect the gains of the peace process, and it must be implemented effectively in order to serve that function. An important element of effective implementation will be close liaison with the Police Service of Northern Ireland and the Gardaí to prevent exploitation of the new arrangements for criminal gain. Our Committee intends to monitor this issue closely. (Paragraph 118)

Government Response: The Government will continue to liaise with the Northern Ireland Executive, the Irish Government and operational partners including PSNI to tackle cross-border criminal activity. We will clamp down on any attempts to exploit the provisions of the Protocol for the purposes of smuggling and serious organised crime.