

## **OPPORTUNITIES FOR AN ENHANCED EU-UK BORDER PARTNERSHIP**

### **1. INTRODUCTION**

The agreement and ongoing implementation of the EU-UK Trade and Cooperation Agreement (TCA) is a key priority for the European express industry, which is heavily integrated in both regions and which supports some 1.1 million jobs across the EU and the UK.<sup>1</sup> While the TCA provides for a variety of facilitative measures to enable trade across the border, there are further opportunities to facilitate trade that could be explored as the two parties continue their discussions within the framework of the TCA specialized committees.

The recommendations set out below are intended to provide new ideas and opportunities to be explored that could help establish the EU-UK border as world-leading frontier, taking advantages of the latest technologies and processes. The recommendations are grouped into sections for ease of reference.

### **2. KEY PROVISIONS FOR AN ENHANCED EU-UK BORDER**

#### **STREAMLINING THE FRONTIER**

##### **Moving the duty and tax collection away from the border**

Express operators depend on their ability to move goods across borders with speed and efficiency. A number of options are available which separate the physical release of goods from the duty and tax collection process – improving processing times – including:

- For trusted traders such as AEO's, payment of duties and taxes should be deferred and collected on a periodic basis.
- Extending this separation of the physical release of goods from the duty and tax collection process to all controlled goods.

##### **Moving inspections to approved inland locations**

Goods subject to inspection should, where possible, be brought to designated inland locations, in line with the geographical flexibilities allowed in the UCC. This will ensure that examinations on relevant products can be carried out to the necessary standard without delaying traffic at the frontier and also freeing up border resources.

##### **Establishing a Single Window for all documentary requirements**

Where goods are controlled by customs, this should be done electronically and data should be submitted only once via a Single Window that complies with customs and other government agencies' requirements. The EU's own Single Window initiative was recently expanded in scope and the participation by all Member States made mandatory. Extending this initiative to an EU-UK context will help to establish globally recognized standards in this area and greatly facilitate cross-Channel trade. We would recommend establishing short-, medium- and long-term objectives that aim to reduce the number of customs filings between the EU and UK.

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<sup>1</sup> 'The impact of the express industry on the EU economy,' European Express Association, October 2020. [Link](#).

### **Completing the transition to a fully electronic EU-UK border**

The EU and the UK continue to strive to move towards a fully online customs framework that is essential to ensure economic competitiveness. At the same time, new technologies are rapidly emerging that are allowing us to re-think traditional methods of customs clearance. Fully embracing these new methods could ease and facilitate the flow of goods and services, freeing up valuable resources for customs and bringing cost savings for businesses and consumers. Indeed, risk management by intelligence and capitalizing on the benefits of new technology whilst facilitating trade using digitalized methods such as API and blockchain would boost economic growth.

### **Increasing the low value clearance threshold to a commercially meaningful level**

Currently, the EU is exploring the possibility of raising the eligibility threshold for the impending Import One Stop Shop (IOSS shipments), currently set at €150. As the UK also develops its own border processes as a third country, a harmonized approach that raises the threshold for simplified clearance processes between the EU and UK could bring a range of economic benefits for both parties.

### **Harmonizing data requirements for import and export**

Developing common data elements for import and export would simplify the clearance process and reduce programming costs. A parallel goal of immediate clearance of goods on departure, provided that all required documentation and data have been submitted, would also speed up the flow of commerce through ports and airports. These provisions should be open to all shipments that submit the required documentation and data.

### **Fast track immigration system for commercial drivers**

A fast-track immigration system for commercial drivers could be introduced that uses biometrics (facial recognition technology) linked to vehicle number plate recognition and a registration number that allows all relevant customs documents to be presented/checked simultaneously. A similar concept has already been trialed by Eurotunnel.

### **Simplifying the process for returning goods**

Returned shipments should be released without the requirement for a formal declaration, provided that the reference to the preceding outbound shipment and goods declaration can be provided so that both shipments can be reconciled. Especially in the context of e-commerce, there are opportunities to improve the process, whether at FTA- or practical- level, to enhance the shipment flows while ensuring fiscal obligations are maintained. Discussions could take place in EU customs expert groups that include e-commerce, postal and express stakeholders, and be part of pilots that could be integrated into the Customs Action Plan.

## **LOW VALUE SHIPMENTS**

### **Harmonizing approach to ecommerce and small parcels**

The extraordinary rise of e-commerce and trade in small parcels, the enormous increases in customs processes brought about by the UK's departure from the EU, and the need to collect VAT on all shipments regardless of value, is likely to place significant strain on traders and border authorities in the coming years without genuine trade facilitation reforms. While the EU and UK are each introducing separate initiatives to smooth e-commerce trade, it will be essential for the two sides to complement approaches where possible, for example by harmonizing the respective models for taxation of e-commerce goods.

### **Power of Attorney (POA) waiver for low value shipments**

Beyond the imperative to move the tax collection process away from the border, the EU and UK should establish a 'deemed empowerment' for customs representation for goods of negligible value – in line with recent discussions in the EU and consistent with the UK's own approach to low value goods.

## **POST COVID-19 ECONOMIC RECOVERY**

### **Flexibility in times of crisis**

The express industry has played a key role in enabling trade in Europe during the highly challenging Covid-19 crisis, in close partnership with EU and UK customs authorities. It is important that the lessons learned from this pandemic are used as motivation to enact clear and coherent policies that enhance the customs environment during crisis situations.

### **Adopting simplifications initiated during the crisis on a permanent basis**

The EU initiated a variety of simplifications during the Covid-19 pandemic that helped to facilitate the flow of goods, which could be adapted into a modern EU-UK context. These include:

- The aforementioned waiver to provide evidence of POA for low-value shipments.
- Accepting copies of proof of origin and other documentation.
- Allowing for the release of partial shipments to ease build up in the network.

### **Designating express as essential service**

Express operators have played and continue to play an essential role for the continuity of global supply chains and for the door-to-door supply of urgently needed goods such as medical equipment, medicine, and food. The authorities should consider express delivery services as essential services and any facilitation or supporting measure granted to essential services should be extended to express delivery services. This will be important to ensure the smoother flow of goods and services in future crisis situations – not least in an EU-UK context where the volumes of road and air traffic are high and the need to retain interconnectedness is acute.

## **TRUSTED TRADER PROGRAMME MODERNISATION**

### **AEO program convergence**

An important component of the EU-UK TCA is the provision to mutually recognize AEO schemes on both sides. Nevertheless, there is an opportunity to go beyond the current provisions and create a truly beneficial scheme that would match the significant compliance requirements, including:

- A single program application accepted by both sides.
- A demonstrated reduction in the number of inspections and other measurable benefits such as access to other trusted trader programs.
- Expansion of the programs to include all government agencies with border release authorities.

A truly advanced AEO program would ultimately be highly inclusive, enabling businesses of all sizes to take advantage of the available benefits as long as they meet the relevant criteria.

### **Setting international standards**

Extending the enhanced scheme to other AEO MRA partners, such as the United States, would further multiply its value and help to entrench high standards for similar programs globally.

## **FREE TRADE AGREEMENTS**

### **EU and UK FTAs**

The UK will need to negotiate long term FTAs with countries where it has rolled over agreements – and these should include ambitious customs provisions. The same necessity continues to apply to the EU.

### **Diagonal cumulation in the TCA**

The EU and UK should consider reopening discussions on establishing diagonal cumulation of origin in the EU-UK TCA, enabling qualifying originating goods to benefit from the two parties' network of mutual third country FTAs.

### **SAFETY AND SECURITY**

#### **Safety and security Mutual Recognition Agreement (MRA)**

The EU and the UK have established safety and security customs regimes which each ensure the highest levels of protection for their citizens. In that context, the two parties should consider reopening discussions within the framework of the EU-UK TCA committee discussions on a safety and security MRA. Such an agreement would not be based on dynamic alignment but rather by mutually recognizing each other's safety and security procedures as equally effective, to the extent that the provision of safety and security data for goods travelling between the two regions would no longer be necessary. Such an approach would remove a major burden for traders, without compromising the high levels of safety guaranteed by the respective regimes.

### **3. CONCLUSION**

As the EU and the UK seek to advance their trade relationship to meet modern demands, the two parties should continuously review and enhance the trade facilitation provisions established in the TCA and the broader bilateral partnership. To that end, dialogue with industry will be essential, particularly as the world of customs and trade is evolving at unprecedented speed. The EEA looks forward to active discussions on how to modernize the EU-UK trade relationship, for the benefit of business and citizens. We hope that this paper can serve as a basis for discussion, as the two sides begin discussions within the framework of the TCA specialized committees and other fora.

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### **About the EEA**

*The European Express Association (EEA) represents the interests of the express industry in Europe whose core business is the provision of door-to-door transport and deliveries of next-day or time-definite shipments domestically and across the globe. Express delivery operators are often referred to as "integrators" as they provide their domestic and business customers with an integrated delivery service from end to end: organizing collection, providing tracking information and handling customs clearance where shipments cross international borders. In the European Union, our industry employs 330,000 workers and supports some 1.1 million jobs (estimate – Oxford Economics). In 2018, the European express industry is estimated to have supported a GDP contribution of €69 billion across its direct, indirect and induced impacts (Oxford Economics).*