

Customs Capacity Study within Service Providers

Summary Report

Department for the Economy

March 2020

Customs Capacity Study: Summary Report

Background

1. Since the publication of the Protocol, there has been significant debate on what it means for the local economy in terms of barriers to trade with GB. Given the limited experience of many businesses within NI of customs, this gave rise to a need to understand the capacity of third parties in NI to complete customs declarations on behalf of others.
2. The Department for the Economy (the Department) alongside Invest NI therefore commissioned research into the capacity of third parties to complete customs declarations, and in particular, the capacity to take on new clients.
3. Overall, the research presents a worrying picture of the time this sector would need to prepare for any increase in demand. It is clear that these businesses, just like businesses in other sectors, will need clarity on what they need to prepare for; and sufficient time and support to prepare.

Key Points of the Research

4. The research undertaken by The Logistics Consultants was based on a series of semi-structured interviews with service providers, including Customs Clearance Agents and Freight Forwarders, currently processing customs declarations on behalf of businesses in NI. A copy of the full report can be found [here](#).
5. The key findings were as follows:
 - There are very few specialist Customs Clearance Agents and Freight Forwarders currently operating in NI due to the current volume of consignments requiring clearance with Third Countries. To date, these companies have been very conservative in scaling-up for Brexit with little recruitment during 2019.
 - One third of interviewees said they have recruited additional staff in the past 12 months to work on customs procedures, and a further two companies said that recruitment had taken place within their GB customs operations in preparation for Brexit. However, most service providers are adopting a 'wait-and-see' policy until they have greater clarity as to the actual implications Brexit will have on the local economy.
 - The research emphasised that service providers and their clients will require clear guidance from government to understand the practical implications of the revised Protocol in order to put the necessary plans in place for customs administration. Given that the sector estimates it takes six months to train new recruits to a reasonable level of capability, recruitment therefore would need to commence in the first half of 2020.

- One of the companies primarily operating in the haulage sector provided some perspective on the anticipated scale of activity post-Brexit, describing how the number of declarations might rise from 500-600 per month to hundreds per day.
- Not all providers charge a set rate with some presenting a spread of rates charged to clients – this spread can be explained by factors including the complexity of the declaration or the fact that different rates are agreed with different clients. However the current average rate charged by companies for a basic export declaration is around £26, whilst the overall average rate quoted for a basic import declaration is in the region of £40.
- The research also highlighted the other costs local businesses will face due to additional administration costs, IT systems costs, training costs and one-off costs to familiarise themselves with new processes and declarations for the first time.

Conclusion

6. The report provides evidence of the challenges local businesses will face if they have to complete customs declarations for the first time. If there is not enough capacity in the marketplace for service providers to take on new clients, local businesses might need to put systems in place to process their own customs declarations. Not all businesses will have the capacity to do this in-house. Ultimately, if customs documentation is required between GB and NI, businesses may not be able to buy directly from or sell directly to GB until either the capacity of third parties increases or they are prepared to complete customs documentation.
7. Customs is a reserved matter and any decisions will therefore be made by the UK Government. It is vital that those making decisions that have such a significant economic impact on NI take into account the practical impacts their decisions will have on our economy and society.