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Baroness Verma  
Chair  
EU External Affairs Sub-Committee  
House of Lords,  
London  
SW1A 0PW

27 March 2018

Dear Baroness Verma,

I am writing regarding the Government's future partnership paper *Future customs arrangements*. I am grateful to members of the EU External Affairs Sub-Committee for their strong and continued interest in the United Kingdom's future trading arrangements with the EU. I hope this will address any outstanding points that you raised in your letter from 31 October.

As outlined in the Secretary of State's letter of 19 February to the Sub-Committee and the Prime Minister in her Mansion House speech, both future customs models with the EU will leave the UK free to determine its own tariffs with third countries. The precise nature of the future UK/EU Customs Partnership will depend on our negotiation with the EU.

In your letter, you asked for details of the preparatory work being undertaken, including in relation to the following proposed customs facilitations from the *Future Partnerships Paper*:

1. Waiving the need for entry and exit summary declarations;
2. Membership of the Common Transit Convention;
3. Mutual recognition of the AEO scheme;
4. A technology solution for ports;
5. Other customs cooperation, assistance and data sharing.

The Government believes that businesses from across the UK have an important role to play in the policy making process. Since the referendum, the Government has met with over 250 businesses and other organisations involved in international trade throughout the UK to discuss customs, VAT and excise. This engagement will help to inform effective policy development, and to deepen understanding of the impact of customs procedures on business. The specific details of the customs arrangements that will be put in place after we leave the EU, including facilitations and links to wider alignment at the border, depend on the outcome of our negotiations with the EU.

The Government continues to engage with industry and is looking at ways to mitigate any impact from our future customs arrangements on traders.

These include implementing technology-based solutions that will ensure our customs procedures are as facilitative as possible, whilst continuing to improve our import and export performance to deliver as frictionless a customs border as possible. The Government will ensure the appropriate support, education and guidance is in place to ensure that businesses are ready for future trade with the EU.

Additionally, to give businesses certainty, the UK has reached agreement with the EU on the terms of an implementation period that will start on 30 March 2019 and last until 31 December 2020. During the implementation period, the UK will no longer be a Member State of the European Union, but market access will continue on current terms. Common rules will remain in place until the end of the period meaning businesses will be able to trade on the same terms as now up until the end of 2020.

I trust this response provides the additional clarity that the Sub-Committee are seeking.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Martin Callanan', with a stylized flourish at the end.

**LORD CALLANAN**  
**MINISTER OF STATE FOR EXITING THE EUROPEAN UNION**