

BREXIT: Customs Preparations – by Joseph Chetcuti, Director General, Customs Department

The United Kingdom is expected to leave the European Union on the 29th March 2019, thus becoming a third country to the EU.

In the absence of a deal, the Customs administrations in the EU will have to enforce EU rules for both exports to, and imports from, the UK. Therefore, the formalities that currently apply to trade with non-EU countries will apply, including the submission of customs declarations for goods and the related controls to ensure compliance. Duties and taxes will have to be accounted for.

The main concern for Customs will be that of dealing with the volumes associated with formalities and their implications. This will result in additional documentation and data requirements for businesses, processing and controls for Customs, and infrastructure requirements for both, including IT and physical infrastructure to allow appropriate risk-based controls.

Customs declarations for all consignments imported from, or exported to, the UK, as groupage cargo, containers, fast parcel, postal service and airfreight will have to be lodged in the Customs IT systems and risk analysed. A percentage of these consignments will then be selected for physical control by Customs officials.

Malta Customs has been, slowly but surely, preparing for Brexit and it is as ready as it can be in the circumstances. From an initial assessment, the following will have to be catered for:

Cargo traffic:

- **Groupage Cargo** - on average, 25 trailers per week convey cargo from the UK to Malta by road, resulting in around 250 additional Customs declarations lodged every week.
- **Container loads** – on average, 30 full load containers are imported from the UK every week resulting in as much additional declarations per week.
- **Airfreight:** Airfreight consignments from the UK amount to 100 per week resulting in as much additional weekly declarations.
- **Courier & Parcel Post traffic:** Currently around 5,500 parcels are received every week from the UK by courier operators, while a comparable number of parcels arrive by parcel post. It is pertinent to highlight that this is a very fluid area due to the continuous, exponential increase in e-commerce.

Overall and to meet these volumes, the Department will be increasing its staff complement in the cargo area by 25%.

On the other hand, the resilience of the Department's I.T. infrastructure is deemed adequate and the National Import System and the National Export System are geared up to handle the increase in workload associated with Brexit. As a rough estimate, it is envisaged that more than 7,000 additional declarations will be lodged every week. This figure is considered to be conservative and does not take into consideration the

additional declarations that will have to be lodged from 2021 onwards for those consignments having a value of €22 or less. However, this comes at a cost because these systems will have to be reconfigured to accommodate restrictions, risks and other obligations associated with controls.

Passenger traffic:

- 12 additional inbound and 12 additional outbound flights with 160 passengers each, every day, are expected from the UK.

Therefore, an increase in the monitoring of accompanied luggage and cargo brought through these flights is required. The increase in flights to and from the UK may also require some infrastructural changes at the arrivals and departures lounges, something which must be dealt with by the private operator.

To meet these challenges, Malta's Customs Department has already increased its staff complement at the Airport by 25% and same complement is expected to be strengthened by an additional 15%.

Planned initiatives:

- **Road show** - The Department intends to initiate a road show during the first two weeks of March with the Malta Chamber of Commerce, the General Retailers & Traders' Union, the Fast Parcel operators, the Hal Far Groupage operators, the Shipping Agents' Association, the Malta Employers Association, the Gozo Business Chamber and the Burdnara Association to explain what are the lines to be taken for goods imported from and exported to the UK;
- **Malta International Airport** - The Department is discussing with MIA the issue of infrastructural changes at the arrivals and departures lounges and on the actions that are to be taken on passenger traffic to and from the UK;
- **Registration of Economic Operators** - As highlighted earlier on, from 30th March, 2019, 00:00 hours (CET), all imports from, and exports to, the United Kingdom will need to be covered by a Customs declaration in the electronic systems. Therefore, the Customs Department is calling on those economic operators who either solely trade with the United Kingdom, or who trade exclusively with the United Kingdom and the European Union, to register with the Customs Department to obtain an Economic Operator Registration Identification (EORI) number, by sending an e-mail to eori.customs@gov.mt or by calling on telephone number 25685121. Further details may be obtained through the following link- <https://customs.gov.mt/bus/economic-operators-registration-identification>;
- **Training** - Economic operators are also requested to apply for training on the use of the National Import System, and the National Export System, by sending an e-mail to the Customs Training Unit on customs.training@gov.mt. Applications must be received by the 18th February 2019. Those economic

operators who intend to make use of the services of Custom Brokers to lodge their import and export declaration may opt not to apply for this training. Subsequently, Customs Training Unit will inform applicants of the dates the courses will be held;

- **Business 1st presence** - In line with the Customs Department's strategy on the need to improve customer experience, and in accordance with the planned initiatives in preparation to Brexit, the Department's customer care services will be included in the one-stop-shop Business 1st initiative of Malta Enterprise. For this reason, as from Thursday, 14th March, 2019, one Customs official from the Customs Economic Procedures Unit, and/or an official from the Department's Customer Services, will be reporting for work at the Business 1st premises, in Mrieħel, once a week, to assist the business community in its queries;
- **Real-time on-line payment system** - As from April, 2019, all economic operators will be able to settle payments of taxes due to the Customs Department via the banks' IBAN infrastructure, or by credit or debit cards, through a real-time on-line payment application; and
- **Equipment** - A new luggage scanner is being purchased to screen luggages on arrival before they are placed on the conveyor belts.

The Customs Department is committed to adopt an approach that puts customer understanding at the heart of its initiatives and to proactively strive to improve stakeholders' satisfaction. This means that the Department will maintain its dedication to enhance quality service.