

FDF briefing: Import controls from 1 January 2022

What is changing?

From 1 January 2022, traders importing from the EU (excluding Ireland) will have to ensure they complete customs controls for their goods, and pre-notification for animal and plant products. Since 1 January 2021, traders have been able to complete controls after the goods enter GB, within 175 days.

Businesses moving goods through ports that operate the 'pre-lodgement' customs model will have to use the Goods Vehicle Movements Service (GVMS) and ensure all customs controls are completed before the goods enter the port on the EU side.

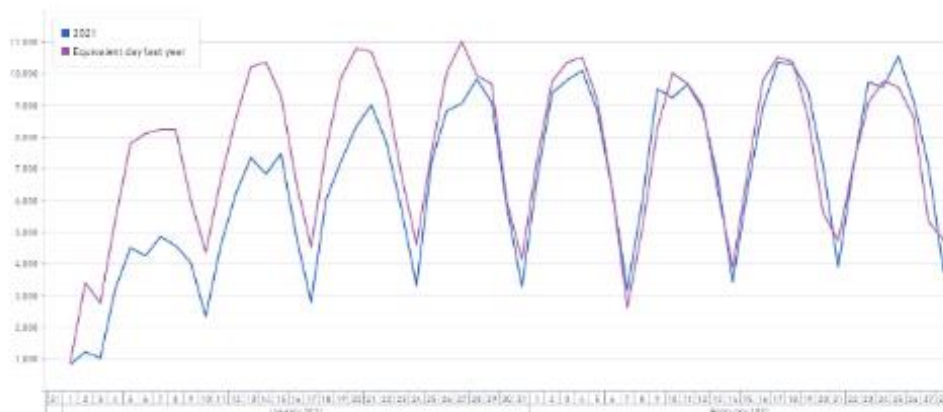
The FDF produced a [five step guidance document](#) for businesses highlighting key changes that come into effect after 1 January 2022.

What do we expect to happen on 1 January 2022?

The period from 31 December 2020 until now provides a good case study of what may happen at the border and how traders are likely to react. Traders stopped moving goods in the first weeks of January 2021 to assess and adapt to the new controls.

The Cabinet Office Border and Protocol Delivery Group (BPDG) shared a [report](#) on the traffic flows across the short straights in the early months of 2021. It shows that traffic between GB and EU (in both directions) was significantly below previous years as traders held off to assess and adapt to the new border requirements before return to more normal volumes of traffic. The graphs included below show that traffic did not return to typical volumes until the end of January, due to companies stockpiling in 2020 and avoiding trading in the immediate weeks to avoid disruption.

Figure 1 - Total outbound RoRo freight

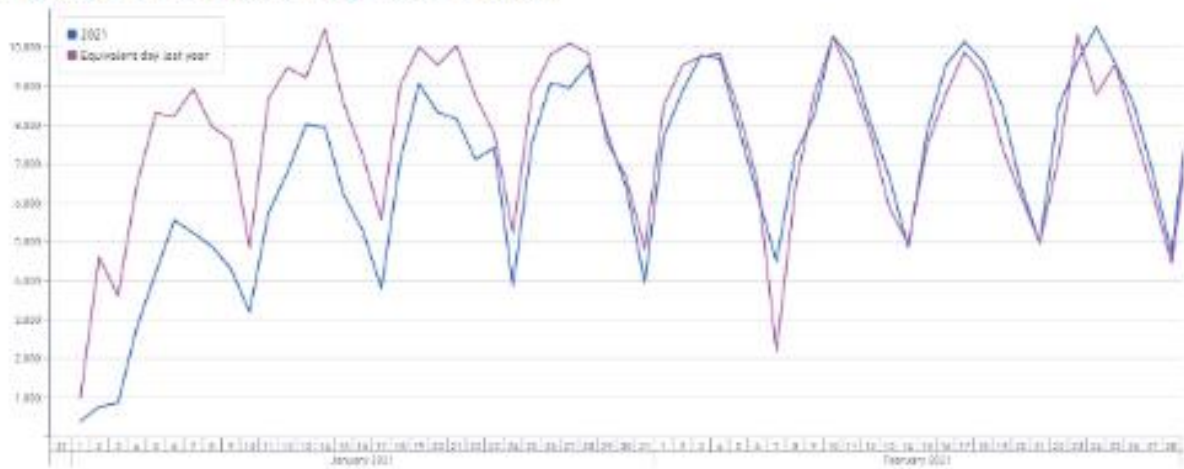


Source: Border Flow Service Analysis 08/03/21.

Data includes outbound RoRo freight movements from ferry ports. Data excludes freight volumes via Eurotunnel and between Great Britain and Northern Ireland.

This was further evidenced in the FDF's [trade snapshots](#) in the first three months of 2021 where UK exports to the EU were down between 40 and 60% by value, before recovering further ground later in the year, albeit remaining below pre-Brexit levels.

Figure 2 - Total inbound RoRo Freight



Source: Border Flow Service Analysis 08/03/21.

Data includes outbound RoRo freight movements from ferry ports. Data excludes freight volumes via Eurotunnel and between Great Britain and Northern Ireland.

While the changes that will apply from 1 January 2022 are less than the full suite of changes faced by exporters in January 2021 and have been subject to significantly longer notice, we anticipate that a similar pattern is likely. Businesses will reduce or avoid movements of goods where possible in the first half of January while they see if disruption occurs. However, ongoing [supply chain disruption](#) will be a limiting factor for many businesses as this has severely limited capacity for stockpiling.

What issues do we expect to see?

Many of the issues that appeared for GB exporters to the EU in the early months of 2021 are likely to arise in January 2022 for UK importers and EU exporters. We believe the most common issues are likely to be:

Issue	Details
Customs and transit clearance	We expect some issues around the time it takes traders to complete customs declarations and obtain Movement Reference Numbers (MRNs) to enter the UK. Some are likely to struggle with closing and completing transit movements.
Goods Vehicle Movement Service (GVMS)	Hauliers risk being turned away from EU ports if they do not have the MRNs uploaded and presented in the correct way.
New customs officials	This will be the first time these rules have been implemented at the border by HMRC/Border Force and this could present issues.
Groupage	Business using groupage (multiple consignments from different businesses on an individual lorry) could run into difficulties. An issue with the goods from one company will delay everything.
Rules of Origin/Claims for preference	The end of 'grace period' for supplier declarations will result in additional scrutiny on claims for preference. Businesses using <i>importers knowledge to claim preference</i> will require further evidence to back up these claims.

What does this mean for UK food and drink?

As new trade barriers are introduced, it is inevitable that businesses will experience issues at the border. In some cases, this could result in significant barriers to trade that risk blocking delivered from EU suppliers altogether, at least temporarily, while businesses adjust to the new requirements or restructure their supply chains. For just-in-time supply chains, this presents a real risk which could disrupt the operation of UK supply chains where a critically important ingredient is delayed or fails to arrive. Such delays could also lead to other ingredients already at factories being unusable.

We are not anticipating large queues of lorries at ports or borders, but we do expect some difficulties that would see hauliers and traders unable to move goods from EU factories into the UK where they are not ready or able to complete paperwork and obtain clearance to progress to the UK.

The UK food and drink industry has demonstrated remarkable resilience throughout the pandemic, Brexit and the current supply chain crisis. This will continue as UK import controls are implemented. The UK will not run out of food and drink, however, where issues do arise, this will inevitably add further pressure to already stretched supply chains and will further impact on both the choice of available products and the price faced by shoppers.