

Customs and Tariffs: emerging complexities in the supply chain
Carol Lynch, BDO Customs and International Trade

BREXIT

- UK leaving the EU = Leaving the EU Customs Union & Leaving the Single Market
- 29th March 2019 at 23.00
- Open Question
 - Will there be a transition period to 31st December 2020?
 - When will we know?
 - Is there sufficient time to prepare?
- What about a Trade Agreements?



BREXIT ON THE AGENDA



BUSINESS ISSUES

- *"We have sought to highlight our concerns over the past 12 months, without success. Far from Project Fear, this is a dawning reality for Airbus...."*

AIRBUS

"It might be easier to move headquarters now than wait to see the outcome of Britain's exit negotiations with the EU" (Panasonic FT August)

Panasonic[®]

"We're not growing our supply chain in the U.K., we're curtailing it until we see clarity."

COMBiLiFT
LIFTING INNOVATION

CLIENTS TYPICAL QUESTIONS

What is a Soft Brexit?

What is the cost of Tariffs if no Trade Agreement?

What does leaving the EU mean? (in terms of trade)

What is a Hard Brexit?

What would the impact be of a Trade Agreement?

Does a Trade Agreement mean 0% duty?

What are the potential delays?

What are the Documentation and Compliance Costs?

Are Customs Declarations required if there is a Trade Agreement?

CUSTOMS APPROACH

1. Review Supply Chain
2. Review Contracts
3. Identify Tariff Headings
 - 3. Assess Potential Cost of duties
 - 4. Assess Compliance Costs
 - 5. Understand Customs Documentation and procedures
 - 6. Understand Customs Clearance
 - 5. Assess requirement for duty savings procedures
 - 6. Assess need for new VAT Registration, Tax Registration, Company Set Up etc.
 - 7. Determine need for Authorised Economic Operator Status



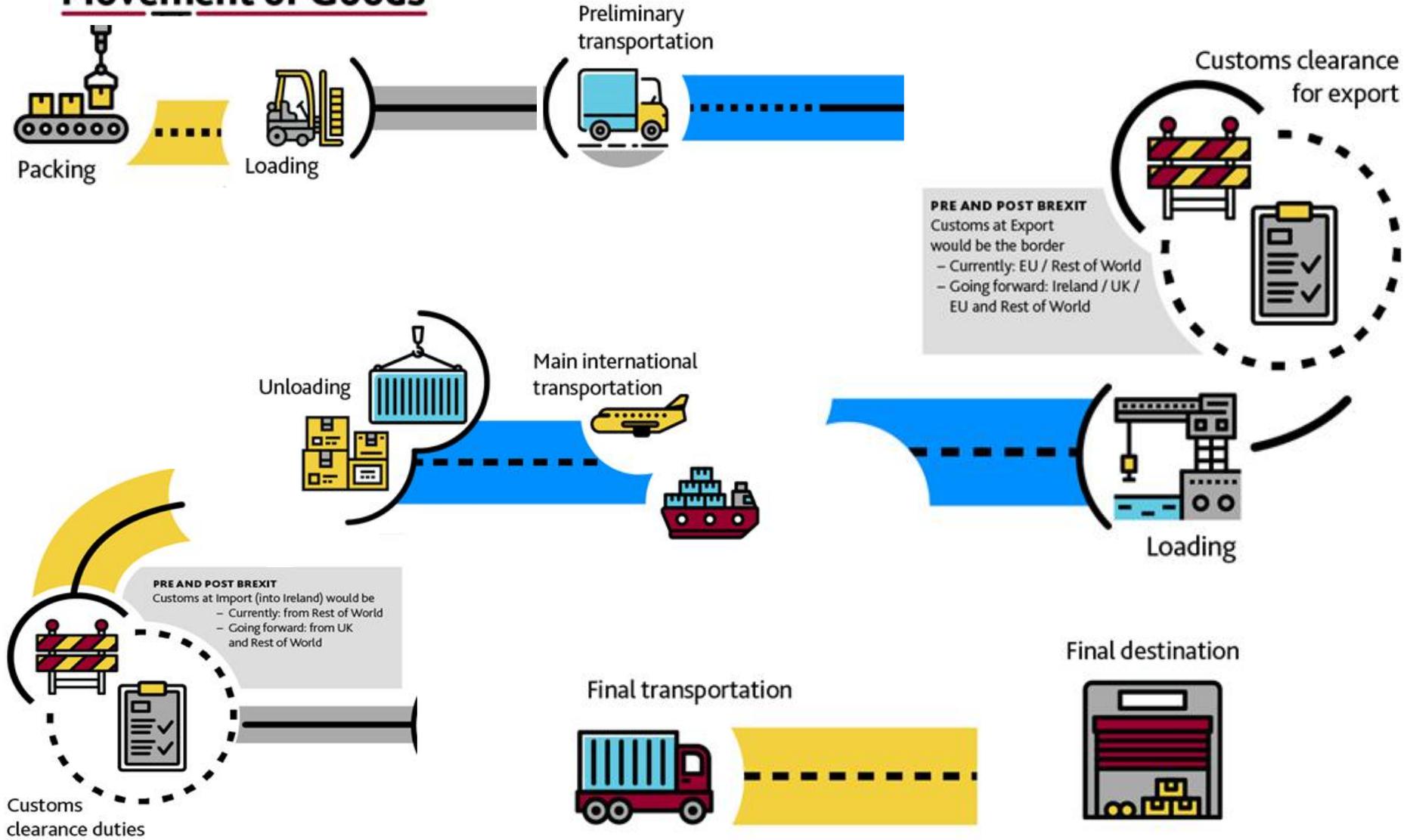
GOODS MOVEMENT-THE CUSTOMS UNION



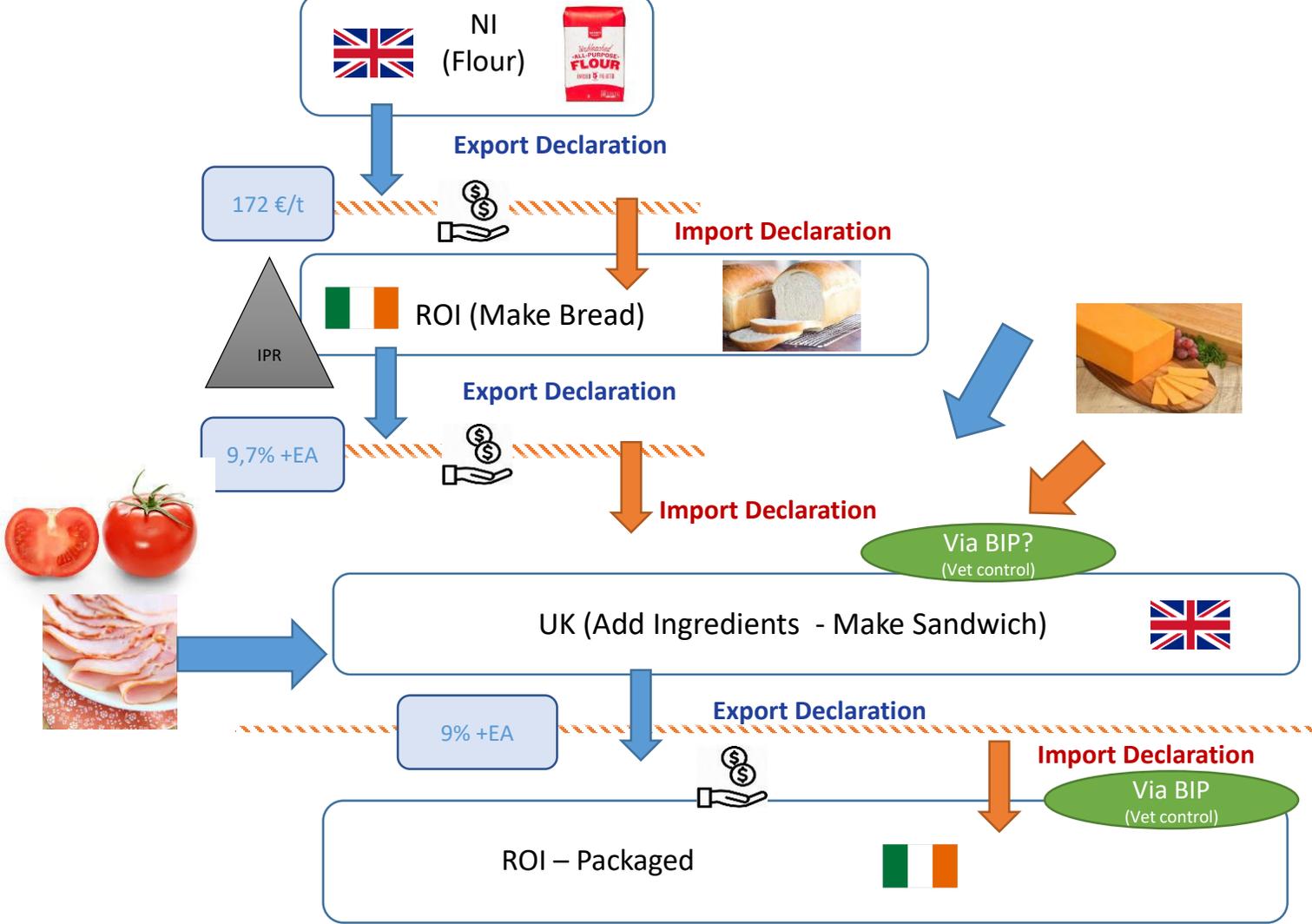
FUTURE GOODS MOVEMENT



Movement of Goods

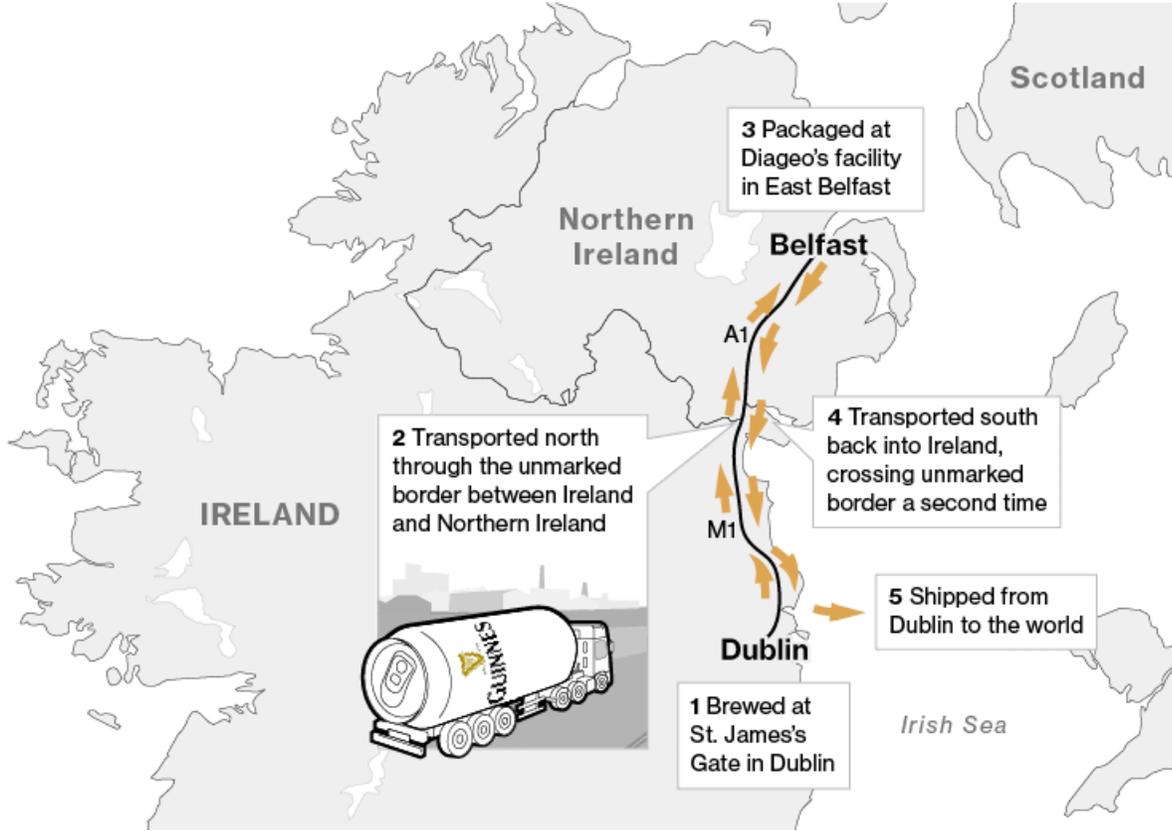


SANDWICH – SUPPLY CHAIN EXAMPLE



EXAMPLE - DIAGEO

A Hard Border Could Create a Significant Challenge for Diageo's Supply Chain
How a can of Guinness is produced



Hard Border Cost for Diageo

13,000
Border crossings per year

€100
Expense added for 0.5-1 hour delay

€1.3 million
Additional cost per year

Custom Documentation - SAD sample

Consignee and consignor details

INCOTERMS - Box 20

Repeated inaccuracies can lead to customs audit !

EUROPEAN COMMUNITY				DECLARATION		OFFICE OF DESTINATION	
1	1	1	1	1	1	1	1
1. Consignor				1.1 Name		1.2 Loading place	
2. Consignee				2.1 Name		2.2 Place of origin	
3. Country of origin				3.1 Code		3.2 Country of destination	
4. Incoterms				4.1 Code		4.2 Description	
5. Commodity Code				5.1 Code		5.2 Description	
6. Country of origin code				6.1 Code		6.2 Description	
7. Customs Procedure Code				7.1 Code		7.2 Description	
8. Declaration of value				8.1 Value		8.2 Description	
9. Signature				9.1 Signature		9.2 Date	
10. Declaration of origin				10.1 Code		10.2 Description	
11. Declaration of destination				11.1 Code		11.2 Description	
12. Declaration of destination				12.1 Code		12.2 Description	
13. Declaration of destination				13.1 Code		13.2 Description	
14. Declaration of destination				14.1 Code		14.2 Description	
15. Declaration of destination				15.1 Code		15.2 Description	
16. Declaration of destination				16.1 Code		16.2 Description	
17. Declaration of destination				17.1 Code		17.2 Description	
18. Declaration of destination				18.1 Code		18.2 Description	
19. Declaration of destination				19.1 Code		19.2 Description	
20. Declaration of destination				20.1 Code		20.2 Description	
21. Declaration of destination				21.1 Code		21.2 Description	
22. Declaration of destination				22.1 Code		22.2 Description	
23. Declaration of destination				23.1 Code		23.2 Description	
24. Declaration of destination				24.1 Code		24.2 Description	
25. Declaration of destination				25.1 Code		25.2 Description	
26. Declaration of destination				26.1 Code		26.2 Description	
27. Declaration of destination				27.1 Code		27.2 Description	
28. Declaration of destination				28.1 Code		28.2 Description	
29. Declaration of destination				29.1 Code		29.2 Description	
30. Declaration of destination				30.1 Code		30.2 Description	
31. Declaration of destination				31.1 Code		31.2 Description	
32. Declaration of destination				32.1 Code		32.2 Description	
33. Declaration of destination				33.1 Code		33.2 Description	
34. Declaration of destination				34.1 Code		34.2 Description	
35. Declaration of destination				35.1 Code		35.2 Description	
36. Declaration of destination				36.1 Code		36.2 Description	
37. Declaration of destination				37.1 Code		37.2 Description	
38. Declaration of destination				38.1 Code		38.2 Description	
39. Declaration of destination				39.1 Code		39.2 Description	
40. Declaration of destination				40.1 Code		40.2 Description	
41. Declaration of destination				41.1 Code		41.2 Description	
42. Declaration of destination				42.1 Code		42.2 Description	
43. Declaration of destination				43.1 Code		43.2 Description	
44. Declaration of destination				44.1 Code		44.2 Description	
45. Declaration of destination				45.1 Code		45.2 Description	
46. Declaration of destination				46.1 Code		46.2 Description	
47. Declaration of destination				47.1 Code		47.2 Description	
48. Declaration of destination				48.1 Code		48.2 Description	
49. Declaration of destination				49.1 Code		49.2 Description	
50. Declaration of destination				50.1 Code		50.2 Description	
51. Declaration of destination				51.1 Code		51.2 Description	
52. Declaration of destination				52.1 Code		52.2 Description	
53. Declaration of destination				53.1 Code		53.2 Description	
54. Declaration of destination				54.1 Code		54.2 Description	
55. Declaration of destination				55.1 Code		55.2 Description	
56. Declaration of destination				56.1 Code		56.2 Description	
57. Declaration of destination				57.1 Code		57.2 Description	
58. Declaration of destination				58.1 Code		58.2 Description	
59. Declaration of destination				59.1 Code		59.2 Description	
60. Declaration of destination				60.1 Code		60.2 Description	
61. Declaration of destination				61.1 Code		61.2 Description	
62. Declaration of destination				62.1 Code		62.2 Description	
63. Declaration of destination				63.1 Code		63.2 Description	
64. Declaration of destination				64.1 Code		64.2 Description	
65. Declaration of destination				65.1 Code		65.2 Description	
66. Declaration of destination				66.1 Code		66.2 Description	
67. Declaration of destination				67.1 Code		67.2 Description	
68. Declaration of destination				68.1 Code		68.2 Description	
69. Declaration of destination				69.1 Code		69.2 Description	
70. Declaration of destination				70.1 Code		70.2 Description	
71. Declaration of destination				71.1 Code		71.2 Description	
72. Declaration of destination				72.1 Code		72.2 Description	
73. Declaration of destination				73.1 Code		73.2 Description	
74. Declaration of destination				74.1 Code		74.2 Description	
75. Declaration of destination				75.1 Code		75.2 Description	
76. Declaration of destination				76.1 Code		76.2 Description	
77. Declaration of destination				77.1 Code		77.2 Description	
78. Declaration of destination				78.1 Code		78.2 Description	
79. Declaration of destination				79.1 Code		79.2 Description	
80. Declaration of destination				80.1 Code		80.2 Description	
81. Declaration of destination				81.1 Code		81.2 Description	
82. Declaration of destination				82.1 Code		82.2 Description	
83. Declaration of destination				83.1 Code		83.2 Description	
84. Declaration of destination				84.1 Code		84.2 Description	
85. Declaration of destination				85.1 Code		85.2 Description	
86. Declaration of destination				86.1 Code		86.2 Description	
87. Declaration of destination				87.1 Code		87.2 Description	
88. Declaration of destination				88.1 Code		88.2 Description	
89. Declaration of destination				89.1 Code		89.2 Description	
90. Declaration of destination				90.1 Code		90.2 Description	
91. Declaration of destination				91.1 Code		91.2 Description	
92. Declaration of destination				92.1 Code		92.2 Description	
93. Declaration of destination				93.1 Code		93.2 Description	
94. Declaration of destination				94.1 Code		94.2 Description	
95. Declaration of destination				95.1 Code		95.2 Description	
96. Declaration of destination				96.1 Code		96.2 Description	
97. Declaration of destination				97.1 Code		97.2 Description	
98. Declaration of destination				98.1 Code		98.2 Description	
99. Declaration of destination				99.1 Code		99.2 Description	
100. Declaration of destination				100.1 Code		100.2 Description	

Commodity Code - Box 33

Country of origin code - Box 34

Customs Procedure Code - Box 37

Support Documentation Required for Customs

1. *Invoice* - The commercial invoice contains the basic information on the transaction and is always required for customs clearance. Provided by the supplier to the customer and the Clearance Agent (CA).
2. *Airway Bill/MAWB* - B/L issued by the Shipping Agent (SA) to the freight forwarder, confirming that the goods have been received on board. The B/L serves as proof of receipt of the goods by the carrier, obliging them to deliver the goods to the consignee
3. *Certificate of Origin* - Issued by Chambers of Commerce to Suppliers/Manufacturers Confirms that the goods in a particular shipment have been wholly obtained, produced, manufactured or processed in a particular country.
4. *Packing List* - The Packing list is an inventory of the incoming cargo required for customs clearance and accompanying the commercial invoice and the transport documents. (No specific form is required).
5. *Agricultural Certs*

AGRICULTURAL DOCUMENTATION & BIPS

- **Imports:**

- EU Certification of producing plants
- Origin Certification
- Importer Registration
- Notice Periods
- Controls on products of animal origin
- Veterinary Checks and presentation at BIPs
- CVED/CED

- **Exports:**

- Health Certs for Exporters

IMPORT DUTY COSTS

- Customs Controls are applied at the EU Border
- Affects and Impacts on all goods moving into and out of the EU
- Customs duties range from 0% - 14%
- Agricultural levies can bring this up to 50%
- Excise charges on Oil, Tobacco and Alcohol
- Import VAT

CUSTOMS DUTIES

- **Specific Rates (averages)**

- Milk (bulk 3.5% fat)
- Soft Drinks
- Sandwiches
- Beef (Carcases and half-carcases)
- Milk (Of a fat content, by weight, not exceeding 1%)
- Cheese (Cheddar)
- Hams and cuts of domestic swine
- Chicken (Legs and cuts thereof)
- Molluscs
- Fish (Cod)
- Mushrooms
- Biscuits
- Mustard

Average Duty Cost

- 21,8 €/100 kg/net
- 9.6%
- 9% + EA
- 12,8 + 176,8€/100 kg/net
- 13,8 €/100 kg/net
- 167,1 € / 100 kg / net
- 77,8 € / 100 kg / net
- 46,3 € / 100kg / net
- 20%
- 12%
- 6,4%
- 9 +EA MAX (24,2 +AD S/Z)
- 9%

Customs Clearance Agent - Role

Exporter/Importer sends Customs information on classification, valuation, origin, incoterms to Customs Agent

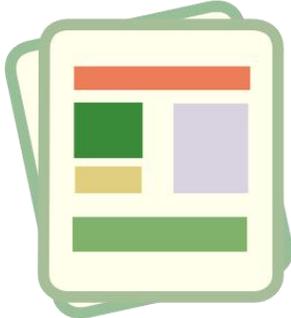


Exporter/Importer sends original documents to Custom Agent

- Commercial invoice
- Packing list
- Bill of lading
- Certificate of origin
- License and permits



Based on documentation and information received drafts and lodges clearance document



Payment Revenue & Fees if applicable

Clearance document

Inspection of goods and documentation by Customs



Clear the goods



- When your Customs declaration has been accepted by AEP/CHIEF
- you will be notified of the routing of your goods.

Green Routing

- Goods cleared by Revenue/HMRC on the basis of the declaration received.

Orange Routing

- Goods have been selected for a documentary check and you must furnish Revenue/HMRC with all relevant documents, before your goods can be cleared. If everything is in order the declaration will be cleared on the system.

Red Routing

- Goods have been selected for a documentary check and a physical examination. Revenue/HMRC will check to ensure that the goods declared correspond to the actual goods. If everything is in order Revenue/HMRC will finalise the declaration on the system.

Brexit resources

BDO IRELAND

SERVICES INDUSTRIES INSIGHTS ABOUT

Search

Prepare for Brexit

Helping you prepare your business for Brexit

FIND OUT MORE

OVERVIEW BREXIT NEWS HOW TO START PREPARING FOR BREXIT? PREPARE A BREXIT PLAN HOW WILL BREXIT AFFECT CUSTOMS COSTS? VAT AND BREXIT TAX IMPLICATIONS OF BREXIT IMPACT OF BREXIT ON MERGERS & ACQUISITIONS

<http://www.bdo.ie/en-gb/industries/bdo-brexit-taskforce>

BDO IRELAND SERVICES



Bord Bia's

Supply Chain Strategy Workshop



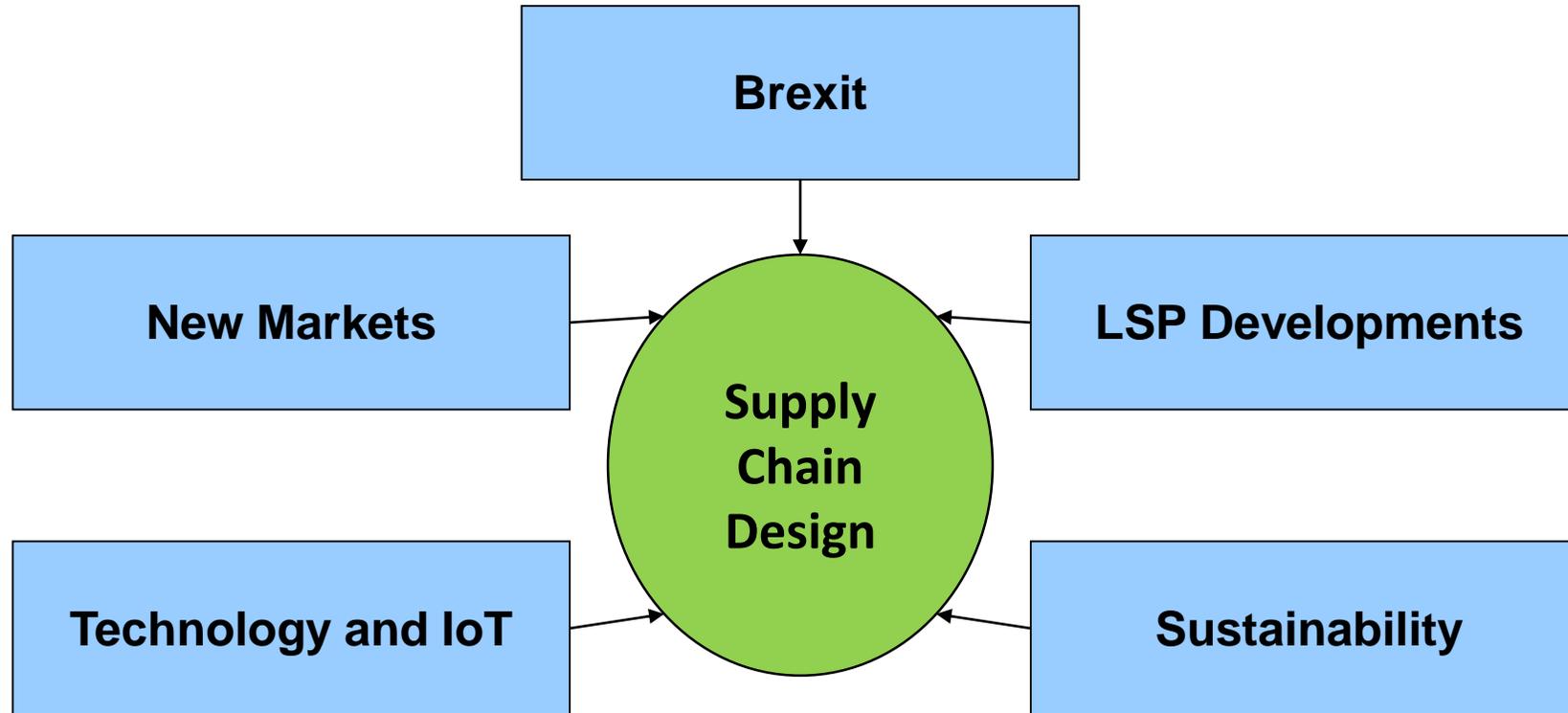
10 September 2018

Presenters

Paul Johnson – Designing more effective supply chains

Jo Godsmark – How to select and manage your logistics partners

Considerations in Supply Chain Design



What do I need to do?

What should other Supply Chain Partners be doing?

Supply Chain Strategy Guide

Contents of Guide:

- Introduction
- Elements of Business As Usual Strategies
- Options for Supply Chain Re-design
- Cost Reduction Initiatives
- Possible Brexit Scenarios
- Guide to Logistics Service Provider Selection
- Conclusions and Recommendations for Exporters

Focus on main European markets:

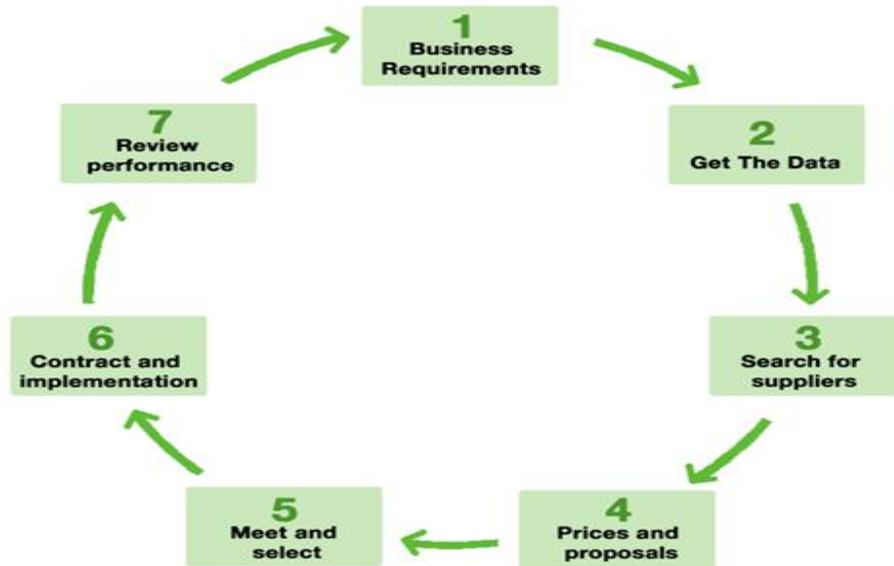
UK, France, Germany, Netherlands, Poland and Spain

Launched 21st February, 2018 with Media promotion in August



Guide to LSP Selection

7 Steps to Outsourcing Logistics Services



Supporting Templates

SELECTION TEMPLATES
Selection Criteria
Data Collection
Request for Information (RFI)
Request for Pricing (RFP)
Full Truckload (FTL) Pricing
Groupage Pricing
Warehouse Services Pricing
Key Performance Indicators (KPIs)

Templates are included in the Appendices and also available for download from the Bord Bia website.

Supply Chain Partner Database

International LSPs – from Ireland to Country

National LSPs – within Country

Freight Forwarders

Focus on main European markets:

UK, France, Germany, Netherlands, Poland and Spain

Please select a supplier type Search for company by name Filter by Country

International Company name United Kingdom

Refine your search

Bonded Warehousing

Hanging Meat Transport

Fish Seafood

Container Transport

Frozen

Full Truck Load

Less Than Full Truck Load

Groupage Trailers Per Week

Access Pallet Network

Parcels Packages Samples

Warehouse Location

Chilled

Full Truck Load

Less Than Full Truck Load

Groupage Trailers Per Week

Access Pallet Network

Parcels Packages Samples

Warehouse Location

Ambient

Full Truck Load

Less Than Full Truck Load

Groupage Trailers Per Week

Access Pallet Network

Parcels Packages Samples

Warehouse Location

Search

How to Access Information

Supply Chain Partner Database:

<https://www.bordbia.ie/supplychain>

Other Brexit Material:

<https://www.bordbia.ie/brexit>

Feedback and Additions:

info@bordbia.ie

subject : **Supply Chain**

Workshops and One to One Sessions

Workshop: Designing more effective supply chains (Paul)

- European Logistics Issues
- Rest of World Logistics Issues
- Opportunities to Reduce Export Logistics Costs

Workshop: How to select and manage your logistics partners (Jo)

- Service criticality – How should you vary your approach?
- Procurement process – What are the 7 steps to successful procurement?
- Risk management – What should you look out for when selecting a partner?
- Key performance indicators – Are KPIs required and how should they be used?

Objectives of Workshops

- Broaden thinking for strategic options
- Share ideas and resources with others
- Recognise that efficient supply chains translate to green credentials
- Promote best practice in procurement
- Encourage measurement and KPIs

Logistics and Timing

Paul: Designing more effective supply chains

Jo: How to select and manage your logistics partners

11.55 – 13.10: Workshop Session 1:

Half Group stays in room, other half goes to Room 1&2 with Jo.

Paul - Creative Workshop

Jo - Meeting Room 1&2

13.10: Lunch

13.55 – 15.10: Workshop Session 2:

Groups remain in same room, presenters switch

15.10 – 16.30: One to one sessions (15 mins)

Participants waiting: Creative Workshop

Consultation with Paul: Meeting Room 1 & 2

Consultation with Jo: Meeting Room 3