Trade Facilitation Research Project

GB-NI Trade under the Windsor Framework

FINAL REPORT
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Contents

Foreword 8
Executive Summary 9
1. Purpose and Scope 9
2. Commercial Clarity: “At Risk” and Dual Market Access 9
3. Principal Findings 10
Costs & Competitiveness 10
Clarity & Compliance 10
Regulatory Environment 10
Political & Structural Context 10
Recent & Upcoming Regulatory Risks 10
4. Implementation Roadmap 11
5. Strategic Position 11
Methodology 12
1. Costs and Competitiveness 12
1.1 Overview 12
1.2 Fast Parcel Operator (FPO) Charging Practices 13
Issue 13
Competitiveness Impact 13
Recommended Measures (0-12 Months) 13
Short-Term (0-6 months): 13
6-12 months: 14
1.3 Duty Reimbursement Scheme (DRS) Simplification 14
Issue 14
Competitiveness Impact 14
Recommended Measures 14
1.4 Historical Supplementary Declarations and Waiver Distortion 15
Issue 15
Competitiveness Impact 15
Recommended Measures (0-12 Months) 15
1.5 UKIMS Construction Exemption - Internal UK Competitiveness 15
Issue 15
Competitiveness Impact 16
Recommended Reform (Priority Short-Term Ask) 16
Timeline: 16

1.6 Groupage and Pallet Network Impacts 16
Recommended Measures (0-12 Months) 17
Short-Term (0-6 months): 17
6-12 months: 17
1.7 Summary of Chapter 1 17
2. Clarity and Compliance 18
2.1 Overview 18
2.2 Misunderstanding of “At Risk” and Commercial Pathways 18
Issue 18
Compliance Impact 18
Recommended Measures (0-6 Months) 19
2.3 Returned Goods Relief (RGR) - Evidential Consistency 19
Issue 19
Compliance Impact 20
Recommended Measures (0-6 Months) 20
2.4 UKIMS Awareness and Record-Keeping Burden 20
Issue 20
Compliance Impact 21
Recommended Measures (0-12 Months) 21
2.5 Fragmentation Across Support Channels 21
Issue 21
Compliance Impact 22
Recommended Measures (6-12 Months) 22
2.6 Supplementary Declaration Backlog and Awareness 22
Issue 22
Compliance Impact 22
Recommended Measures (0-12 Months) 22
2.7 Summary of Chapter 2 23
3. Regulatory Environment 23
3.1 Overview 23
3.2 Safety and Security (ICS2) and Data Duplication 24
Issue 24
Regulatory Impact 24
Recommended Measures 25
3.3 Groupage and Mixed Consignment Complexity 25

Issue 25
Regulatory Impact 25
Recommended Measures 26
3.4 Regulatory Divergence Visibility 26
Issue 26
Regulatory Impact 27
Recommended Measures 27
3.5 Data Burden and System Fragmentation 28
Issue 28
Regulatory Impact 28
Recommended Measures (12-24 Months) 28
3.6 Safety and Security Alignment: Longer-Term Consideration 29
3.7 Summary of Chapter 3 29
4. Political and Structural Context 30
4.1 Overview 30
4.2 Messaging, Market Signalling and Business Confidence 30
Issue 30
Structural Impact 30
Recommended Measures (0-6 Months) 31
4.3 One-Stop-Shop and Institutional Coordination 31
Issue 31
Structural Impact 31
Recommended Measures (6-12 Months) 32
4.4 Trusted Operator and Liability Allocation 32
Issue 32
Structural Impact 33
Recommended Measures (6-12 Months Pilot) 33
4.5 East-West Trade Confidence 33
Issue 33
Structural Impact 33
Recommended Measures (0-12 Months) 34
4.6 Governance and Feedback Mechanisms 34
Issue 34
Recommended Measures (6-24 Months) 34
4.7 Summary of Chapter 4 34

5. Recent and Upcoming Regulatory Risks 35
5.1 Overview 35
5.2 Import Control System 2 (ICS2) - Phased Implementation 35
Issue 35
Risk Impact 36
Recommended Measures 36
5.3 Carbon Border Adjustment Mechanism (CBAM) 36
Issue 36
Risk Impact 37
Recommended Measures 37
5.4 EU Deforestation Regulation (EUDR) 37
Issue 37
Implementation Timeline (Updated) 38
Risk Impact 38
Recommended Measures 38
5.5 General Product Safety Regulation (GPSR) and Product Compliance 38
Issue 38
Risk Impact 39
Recommended Measures 39
5.6 SPS and Agri-Food Regulatory Developments 39
Issue 39
Recommended Measures 39
Joint UK-EU Commitment to an SPS Agreement 39
5.7 Regulatory Divergence Dashboard - Structural Solution 40
Recommended Structural Reform (Priority 0-6 Months) 40
5.8 Summary of Chapter 5 40
6. Recommendations Matrix 42
7. Conclusion and Next Steps 49
7.1 Conclusion 49
7.2 Implementation Approach 49
7.3 Governance and Oversight 50
7.4 Next Steps 50
8. Appendices 51
Appendix A - Stakeholder Engagement Overview 51
Organisations Engaged 51

Appendix B - Abbreviations 52
Appendix C - Example RGR Supplier Declaration (Illustrative Only) 53

Foreword

This report has been prepared for the Department for the Economy Northern Ireland (DfE) and Invest Northern Ireland to support the next phase of Windsor Framework implementation.

It builds on recent work in this area, including the Independent Review of the Windsor Framework carried out by Lord Murphy and the UK Government's subsequent response. Those pieces have already identified the need to reduce administrative burden, improve clarity and strengthen engagement with business.

The focus of this report is more specific. It is concerned with how the current arrangements operate in practice and how they can be improved within existing structures.

The recommendations set out here are designed to identify realistic and deliverable measures that could reduce friction for businesses moving goods from Great Britain to Northern Ireland. The emphasis throughout is on implementation, operational consistency and administrative clarity rather than any reopening of the underlying Framework.

A consistent finding from engagement with businesses and stakeholders is that many of the current pressures arise less from the legal structure of the Windsor Framework and more from how processes operate in practice. Fragmented guidance, inconsistent interpretation and a lack of clear ownership can create complexity that goes beyond what is strictly required.

This report therefore focuses on areas where targeted improvements could have a meaningful impact. The recommendations are structured and sequenced to reflect what could realistically be delivered in the short to medium term and where responsibility for delivery is likely to sit.

The intention is to support the ongoing work of government and stakeholders by providing a practical, experience-based perspective on how the system is operating and where it can be improved.

Executive Summary

1. Purpose and Scope

The Department for the Economy (DfE) and Invest Northern Ireland (Invest NI) commissioned this research to identify practical, deliverable trade facilitation measures capable of reducing friction in the movement of goods from Great Britain (GB) to Northern Ireland (NI) under the existing Windsor Framework arrangements.

The Independent Review of the Windsor Framework (Lord Murphy, September 2025) concluded that whilst the Framework represents an improvement on the original Protocol, administrative burden, complexity and confidence gaps remain. The UK Government's response of 16th of December 2025 committed to strengthening implementation, improving guidance and its delivery and enhancing engagement with business. This report builds directly upon those commitments.

It does not propose renegotiation of the Windsor Framework. Instead, it identifies operational, administrative and structural improvements that can be progressed within existing UK Government structures and can materially improve clarity, competitiveness and confidence within the current framework.

Evidence gathered through structured stakeholder engagement demonstrates that the majority of friction experienced by businesses arises from implementation complexity, duplication of process and inconsistent interpretation - rather than from the core legal architecture itself. The next phase of improvement is therefore operational refinement.

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2. Commercial Clarity: "At Risk" and Dual Market Access

A consistent theme across engagement was misunderstanding of the "At Risk" designation.

Goods moving from Great Britain to Northern Ireland are treated as "At Risk" by default unless the conditions to declare them "Not At Risk" are met. This classification determines tariff treatment at entry and does not denote compliance failure.

"Not At Risk" treatment is only available where the Importer of Record is authorised under the UK Internal Market Scheme (UKIMS) and meets all eligibility criteria, including demonstrating that goods are not expected to enter the EU market and retaining supporting evidence for a period of five years.

Where these conditions are not met, goods must be declared "At Risk" and EU duty may apply where applicable.

This distinction has significant commercial implications for how supply chains are structured, including cost, process and onward movement. However, the outcome depends on the customs processes and conditions applying to the movement and should not be interpreted as automatically determining customs status or free circulation outcomes.

Importantly:

- For GB → NI movements under UKIMS, the end-consumer test refers to the United Kingdom.
- For direct RoW → NI movements, the end consumer must be located in Northern Ireland.

This distinction is poorly understood but commercially significant.

Stakeholder evidence suggests that messaging emphasising the proportion of "Not At Risk" movements has unintentionally created the perception that "At Risk" is undesirable. In practice, many legitimate commercial models rely on "At Risk" declarations as part of how supply chains are structured, including where goods are intended to support onward movement consistent with EU market requirements.

Clearer, coordinated communication of these pathways across relevant government departments and delivery channels would materially improve business confidence and reduce unnecessary administrative behaviour.

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3. Principal Findings

Findings are structured in line with the Terms of Reference themes:

Costs & Competitiveness

Hidden parcel operator charges, Duty Reimbursement Scheme complexity, waiver distortions and internal UK competitiveness issues (including the Construction Exemption limitation) are materially affecting NI firms.

Clarity & Compliance

Inconsistent interpretation of Returned Goods Relief (RGR), UK Internal Market Scheme (UKIMS) misunderstanding and fragmented support channels are driving over-compliance and risk.

Regulatory Environment

ICS2 data duplication, groupage complexity and limited visibility of how and when UK-EU regulatory divergence applies in Northern Ireland are increasing administrative burden.

Political & Structural Context

Messaging gaps, GB supplier perception issues (including withdrawal from NI supply due to perceived complexity) and fragmented escalation mechanisms are weakening East-West trade confidence.

Recent & Upcoming Regulatory Risks

ICS2, CBAM, EUDR, GPSR and evolving SPS rules create forward compliance risk. The principal challenge is timely visibility and guidance to support business preparedness rather than legal uncertainty.

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4. Implementation Roadmap

Recommendations are structured across a realistic 0-6, 6-12 and 12-24 month horizon.

Immediate priorities (0-6 months) focus on clarity, communications and administrative guidance.

Medium-term measures (6-12 months) address cost distortions and proportionality reforms.

Longer-term reforms (12-24 months) focus on system integration and structural optimisation.

All recommendations have been assessed against what can be delivered within the existing Windsor Framework arrangements and are designed to avoid any requirement for renegotiation of Annex 2 provisions.

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5. Strategic Position

Northern Ireland's position under the Windsor Framework has the potential to provide a distinctive economic platform through 'Dual Market Access', however, realising that advantage depends on clarity, proportionality and the effective operation of the system in practice on a day-to-day basis.

The measures set out in this report are practical, deliverable within this Parliament and aligned with the UK Government's stated commitment to improving the operation of the Framework.

The next phase of improvement is therefore operational, as the opportunity now lies in refining how existing arrangements are implemented in practice rather than introducing new structures. The recommendations set out in this report demonstrate that these improvements are both realistic and achievable within existing UK Government structures.

The recommendations set out in this report are based on consistent themes identified through structured stakeholder engagement and reflect recurring operational issues across sectors.

Further engagement with delivery bodies, including HMRC and relevant UK Government departments, will be required to refine implementation detail, particularly where system changes or operational guidance updates are proposed.

The intention of this report is not to prescribe policy change but to identify practical areas where existing arrangements can operate more effectively in practice. As such, implementation should be taken forward through collaborative engagement with HMRC and relevant UK Government departments leading on areas within their respective areas of responsibility, and DfE and Invest NI supporting communication, stakeholder alignment and practical application.

Methodology

This research was undertaken between November 2025 and March 2026 and was based primarily on structured engagement with representative bodies, sector organisations and relevant trade and industry associations operating across the supply chain.

Engagement focused on Northern Ireland-based stakeholders with upstream Great Britain perspectives captured through representative bodies and trade associations operating at both Northern Ireland and Great Britain level. This ensured that the research reflected how Windsor Framework requirements are experienced not only by Northern Ireland traders but also by suppliers and operators involved earlier in the GB to NI supply chain.

The primary approach was to engage through representative and industry bodies in order to capture cross-sector views and recurring operational themes. In a limited number of cases, additional input was received directly from individual businesses, including through a structured questionnaire circulated by one representative body and through direct submission.

The purpose of the engagement was not to gather formal submissions for publication but to identify recurring themes, test practical scenarios and assess where improvements could be delivered within existing UK Government structures.

Evidence gathered through this process was reviewed to identify consistent patterns across sectors rather than isolated issues. These findings were then assessed against the agreed Terms of Reference, the Independent Review of the Windsor Framework and the UK Government response to ensure alignment with the current direction of policy whilst maintaining a focus on practical delivery.

A list of organisations engaged as part of this process is included in the Appendix. Organisations are listed at organisation level only. Specific comments and individual discussions are not attributed.

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1. Costs and Competitiveness

1.1 Overview

The Terms of Reference identify additional or unavoidable costs as a key source of competitive distortion for Northern Ireland (NI) firms trading with Great Britain (GB). Stakeholder engagement indicates that, whilst tariff exposure is often manageable or reclaimable in principle, the cumulative administrative burden, associated fees and cashflow impacts are reported to affect competitiveness relative to both GB and Republic of Ireland (ROI) comparators.

A consistent finding across representative bodies, manufacturers, logistics operators and SMEs is that friction increasingly arises from operational delivery rather than policy intent. Costs are often indirect, fragmented across systems, or embedded within supply-chain processes rather than visible as headline tariffs.

This chapter examines the principal cost drivers identified and sets out targeted, deliverable measures that can be progressed within existing UK Government structures.

1.2 Fast Parcel Operator (FPO) Charging Practices

Issue

Businesses, particularly micro, small and medium-sized enterprises (SMEs), report:

- Disbursement and other administrative fees regularly exceeding the value of the duty owed.
- Invoices issued retrospectively, sometimes months after delivery.
- Inconsistent treatment of UKIMS, preferential origin and waivers.
- Limited pre-charge notification, meaning the Importer of Record is often not aware in advance of delivery what duty and/or administrative charges will be applied.
- Escalation to debt recovery without prior structured engagement.

From 1st of May 2025, new Windsor Framework parcel arrangements and associated data/customs processes came into effect for GB-NI parcel movements, depending on the shipment type and eligibility criteria.

Evidence suggests operational processes among Fast Parcel Operators (FPOs) have not consistently aligned with the intended simplifications available under the Windsor Framework.

The Duty Reimbursement Scheme (DRS) permits recovery of duty in certain cases, however, disbursement and other administrative fees applied by FPOs are not recoverable. This means that even where duty exposure is mitigated, businesses remain financially disadvantaged.

Competitiveness Impact

- Increased landed cost relative to GB competitors.
- Supply-chain unpredictability.
- GB supplier withdrawal due to perceived complexity.
- Absorption of costs by NI businesses to preserve supplier and/or customer relationships.

In many cases, the administrative time cost exceeds the duty liability itself.

Recommended Measures (0-12 Months)

Short-Term (0-6 months):

- Launch consultation on minimum operational standards for FPOs, including:
    - Mandatory pre-charge notification, ensuring the Importer of Record is informed in advance of delivery of any duty and disbursement fees that will be applied.

- Clear evidential submission pathways, enabling the Importer of Record to provide appropriate evidence in advance of or at clearance stage to support the use of available simplifications and reliefs (including UKIMS, Customs Waiver, UK Preferential Origin and Returned Goods Relief), thereby reducing or removing duty and associated charges where applicable.
- Standardised UKIMS, UK Preferential Origin and RGR workflows.
- Transparent disbursement fee methodology.

6-12 months:

- Implement agreed operational standards.
- Prohibit disbursement and other admin fees where no duty is ultimately payable.
- Establish formal escalation route for traders via the HMRC NI Stakeholder Engagement Team.

These measures can be progressed within existing UK domestic structures and align with the UK Government's stated commitment to improving the effectiveness and consistency of implementation.

1.3 Duty Reimbursement Scheme (DRS) Simplification

Issue

Stakeholders report that while the DRS is available in principle, the evidential burden and administrative complexity are disproportionate. In some cases, businesses must provide full purchase-to-sale audit trails at claim stage, creating significant friction.

The structure differs from other UK tax self-assessment models, such as VAT, where declarations are made subject to audit rather than accompanied by immediate documentary submission.

Competitiveness Impact

- Cashflow tied up in provisional duty payments.
- Administrative cost burden.
- Reduced utilisation of available relief.
- Disproportionate impact on SMEs

Recommended Measures

0-6 months:

- Design a declaration-based DRS model aligned with VAT-return style legal declaration:
  - Evidence retained by trader.
  - Produced only upon audit.

- False declaration penalties maintained.

6-12 months:

- Implement simplified quarterly DRS claim mechanism.

This reform improves proportionality without altering the legal basis of the scheme.

1.4 Historical Supplementary Declarations and Waiver Distortion

Issue

Where supplementary declarations are completed more than 12 months after the original movement, the tax point is applied at the point of declaration within CDS rather than the date the declaration was originally due.

This results in historic movements consuming waiver allocation in the current period, effectively resetting the three-year waiver window. As a result, waiver capacity that would otherwise have expired or been nearing expiry is instead carried forward, reducing availability for current and future trade.

This creates a structural distortion whereby administrative delay, rather than underlying trade activity, determines waiver utilisation.

Competitiveness Impact

- Waiver capacity reduced for current trade.
- Cashflow pressure.
- Retrospective cost exposure.

Recommended Measures (0-12 Months)

- Introduce a one-off historical reconciliation process to identify tax point distortion arising from delayed supplementary declarations.
- Replenish waiver allocation where such distortion has resulted in retrospective consumption of waiver capacity.
- Maintain the obligation to submit outstanding declarations to preserve compliance integrity.

This measure corrects administrative distortion without altering tariff structures.

1.5 UKIMS Construction Exemption - Internal UK Competitiveness

Issue

The current UKIMS Construction Exemption applies only where processed goods form a permanent part of a structure constructed and located in Northern Ireland.

Manufacturers and engineering firms engaged in major construction projects in Great Britain must therefore declare such goods “At Risk” and either:

- Pay EU duty (where applicable), or
- Use waiver allocation.

This creates an internal UK competitiveness distortion relative to GB-based competitors.

Competitiveness Impact

- Administrative burden
- Cashflow exposure.
- Increased internal UK cost differential.
- Project margin pressure.

Recommended Reform (Priority Short-Term Ask)

Extend the UKIMS Construction Exemption to permanent structures located anywhere within the United Kingdom, subject to:

- Auditable project-level materials allocation.
- Contract-based evidential controls.
- Clear stock tracking.

This does not create EU revenue exposure, as goods declared “Not At Risk” do not acquire EU free circulation status and would remain subject to customs formalities if subsequently moved into the EU.

This reform improves proportionality and internal UK competitiveness while remaining consistent with risk-based principles.

Timeline:

- 0-6 months: Announce review and consult on evidential model.
- 6-12 months: Implement extension.

1.6 Groupage and Pallet Network Impacts

Groupage operators and pallet networks, vital for SME consignments, face disproportionate administrative burdens where one product line may alter tariff treatment across a load.

Administrative complexity is amplified by:

- Data requirements under ICS2.
- Mixed eligibility across consignments.
- Liability allocation ambiguity.

While full structural reform may require medium-term system integration, short-term improvements in data reuse and guidance clarity can reduce duplication and cost amplification within these networks.

Recommended Measures (0-12 Months)

Short-Term (0-6 months):

- Publish groupage-specific operational guidance covering mixed consignments, including how differing tariff treatments should be managed within a single load.
- Clarify liability allocation across traders, intermediaries and carriers, particularly in relation to ICS2 data submission and reliance on trader-provided information.
- Provide practical examples of compliant groupage models to reduce risk-averse behaviour among operators.

6-12 months:

- Explore development of a pilot “Trusted Haulier” or equivalent risk-calibrated model to support groupage movements.
- Assess opportunities for data re-use within groupage models to reduce duplication across customs and Safety and Security requirements.

1.7 Summary of Chapter 1

The primary competitiveness pressures identified are not structural tariff design issues but implementation-driven cost multipliers.

Priority short-term deliverables within this theme are:

- FPO operational standards.
- DRS simplification.
- Waiver reconciliation mechanism.
- Extension of Construction Exemption.

These measures are capable of materially improving competitiveness within 12 months and align directly with the UK Government’s commitment to improving the operation of the Windsor Framework.

2. Clarity and Compliance

2.1 Overview

The Terms of Reference identify lack of clear, consistent and reliable guidance and advice as a major source of compliance risk and administrative burden, particularly for micro-businesses and SMEs.

Stakeholder engagement confirms that while many of the necessary schemes and reliefs exist in principle, inconsistency between published guidance and the advice provided across different support channels has created avoidable friction and uncertainty in practice.

A recurring theme across representative bodies and individual businesses is that compliance risk is increasingly driven by ambiguity and conflicting interpretation rather than by the absence of legal pathways.

This chapter addresses those clarity gaps and proposes measures designed to improve predictability, reduce over-compliance and strengthen business confidence.

2.2 Misunderstanding of “At Risk” and Commercial Pathways

Issue

As outlined in the Executive Summary, there remains widespread misunderstanding of the “At Risk” designation among both NI businesses and GB suppliers.

Common misconceptions identified include:

- That “At Risk” implies non-compliance or elevated enforcement risk.
- That “Not At Risk” is always the preferred commercial outcome.
- That UKIMS is mandatory for all GB-NI trade.
- That GB-NI trade does not interact with onward EU supply chains.

Public messaging emphasising the proportion of “Not At Risk” movements has unintentionally contributed to a perception that “At Risk” declarations represent failure rather than an alternative commercial pathway.

Compliance Impact

- Over-reliance on UKIMS where not commercially optimal.
- Avoidance of legitimate “At Risk” declarations.
- GB supplier withdrawal due to perceived EU exposure.
- Misalignment of stock and distribution models.

Recommended Measures (0-6 Months)

- Issue formal HMRC clarification note distinguishing:
    - Tariff treatment.
    - Free circulation status.
    - Market access implications when declaring goods as “Not At Risk” on entry into Northern Ireland from either GB or RoW (outside of GB and the EU).
- Publish structured “Commercial Pathways” guidance illustrating:
    - At Risk → EU duty where applicable → onward movement subject to applicable customs processes and conditions → Dual Market Access.
    - Not At Risk (GB shipment) → UK internal market.
    - Not At Risk (RoW direct shipment) → NI-limited end consumer requirement.
- Align public messaging to ensure that “At Risk” and “Not At Risk” is understood as a tariff classification, not a compliance judgement.

These measures are communication-based and can be implemented rapidly.

While formal clarification of tariff treatment and legal interpretation must sit with HMRC as the competent authority, DfE and Invest NI have a critical role in ensuring that this is translated into clear, consistent and commercially relevant advice for businesses, including through practical guidance, aligned messaging across support channels and addressing misinterpretation at point of use. Responsibility for delivery is set out in the Recommendations Matrix.

2.3 Returned Goods Relief (RGR) - Evidential Consistency

Issue

Stakeholder engagement highlighted inconsistent application of Returned Goods Relief (RGR), particularly in relation to:

- EU-origin goods exported to GB and subsequently moved to NI.
- Acceptance of supplier declarations in lieu of original Movement Reference Numbers (MRNs), which are the unique identifiers generated for customs declarations and are typically required as primary evidence to support Returned Goods Relief, but are often difficult to obtain due to commercial sensitivity and data access limitations.
- Variations in evidential expectations between HMRC officers in NI and GB.

In certain cases, businesses report that wording previously accepted during compliance reviews has later been questioned.

The underlying legal basis for RGR is clear. The friction arises from evidential interpretation.

Compliance Impact

- Under-utilisation of RGR.
- Increased duty payments where relief may be available.
- Hesitancy among GB suppliers to provide documentation.
- Audit uncertainty.

Recommended Measures (0-6 Months)

- Publish officially approved RGR declaration wording suitable for EU → GB → NI flows.
- Clarify acceptance of quarterly supplier statements where appropriate.
- Provide a structured decision-tree guide to RGR eligibility for NI movements.

This action can be delivered within existing UK administrative structures and aligns directly with the UK Government's commitment to improving guidance clarity.

The Recommendations Matrix clearly assigns lead and supporting bodies for each measure, ensuring responsibility for delivery is defined across HMRC, DfE, Invest NI and other relevant departments.

2.4 UKIMS Awareness and Record-Keeping Burden

Issue

As outlined in the Executive Summary, the UK Internal Market Scheme (UKIMS) enables eligible traders to declare goods "Not At Risk" subject to defined conditions, including importer authorisation, end-consumer tests and evidential requirements.

While UKIMS has simplified tariff treatment for many traders, confusion remains regarding:

- Eligibility criteria.
- End consumer tests for B2C, B2B (or both) operators.
- Importer of Record responsibilities.
- Five-year record retention requirements.
- Differences between GB-NI shipments and direct RoW-NI shipments treatment.

Some businesses report being advised that UKIMS is the "only way" to trade GB-NI, which is not accurate. A related issue raised during stakeholder engagement concerns the £2 million commercial processing turnover threshold within the "Not At Risk" test: This figure, agreed in 2020 as a negotiated safeguard, was designed to limit perceived diversion risk into the EU Single Market, however, in real terms, inflation and sectoral growth have materially eroded the proportionality of this threshold. Several stakeholders questioned whether turnover remains an appropriate proxy for diversion risk, particularly in sectors where EU exposure is minimal relative to overall sales. While amendment would require UK-EU agreement, greater

transparency regarding the policy rationale and consideration of indexation or sector-sensitive calibration would improve clarity and business confidence.

Compliance Impact

- Over-compliance driven by uncertainty.
- GB-based businesses opting out of the NI market.
- Failure to utilise available simplifications.
- Administrative burden disproportionate to risk.

Recommended Measures (0-12 Months)

0-6 months:

- Publish scenario-based UKIMS guidance tailored to:
    - Manufacturers
    - Construction firms
    - Retailers
    - Groupage operators
- Provide clear explanation of differences between GB-NI and RoW-NI eligibility conditions.

6-12 months:

- Review proportionality of record-keeping requirements, particularly for low-risk SMEs.
- Explore digital record alignment tools to reduce duplication.

These reforms strengthen compliance confidence without altering scheme design.

Responsibility for delivery sits with HMRC in relation to UKIMS policy and guidance with DfE and Invest NI supporting communication and practical application, as set out in the Recommendations Matrix.

2.5 Fragmentation Across Support Channels

Issue

Businesses report inconsistency between published guidance and the advice provided across multiple support channels, including:

- HMRC and other UKG Department helplines.
- Trader Support Service (TSS).
- Accountants and customs intermediaries.
- Representative bodies.

Cases have been identified where contradictory advice, despite underlying guidance remaining unchanged, has led to either under-declaration or unnecessary duty exposure.

Compliance Impact

- Increased risk of error.
- Delayed decision-making.
- Reduced trust in support infrastructure.
- Escalation of relatively minor technical queries.

Recommended Measures (6-12 Months)

- Establish a structured escalation route for complex GB-NI queries via the HMRC NI Stakeholder Engagement Team, enabling consistent interpretation where guidance is unclear or applied differently in practice*.
- Develop a centralised technical knowledge resource setting out agreed interpretations of key GB-NI processes and scenarios, accessible to approved advisors and support providers to ensure consistency of advice across channels.
- Strengthen coordination between the successor to TSS and HMRC policy teams to ensure alignment between published guidance and advice provided to businesses.

* Longer term, this links to the proposed “One-Stop-Shop” model addressed under Political and Structural Context, which should combine consistent published guidance with access to appropriately qualified human support for complex or case-specific queries.

2.6 Supplementary Declaration Backlog and Awareness

Issue

SMEs have struggled with supplementary declaration (SDI) compliance, particularly where TSS closed cases without clear notification of outstanding obligations.

This has created risk of compliance and audit exposure.

Compliance Impact

- Retrospective financial liability
- Loss of waiver allocation
- Administrative rework

Recommended Measures (0-12 Months)

- Clear communication campaign on Supplementary Declaration obligations for the Importer of Record.
- Structured reminder system before enforcement action.
- Proportional treatment for historic non-wilful errors.

2.7 Summary of Chapter 2

The majority of compliance friction arises not from absence of legal routes but from inconsistency, ambiguity and fragmented guidance and inconsistent advice.

Priority deliverables within 6 months include:

- Clarification of “At Risk” v “Not At Risk” and subsequent Dual Market Access pathways.
- Publication of standardised RGR wording (see Appendix C for illustrative example based on stakeholder engagement).
- Scenario-based UKIMS guidance.

Medium-term actions include:

- Record-keeping proportionality review.
- Strengthened escalation mechanisms.
- Improved coordination of support infrastructure.

Stakeholder engagement indicates that businesses are already relying on supplier declarations to evidence that goods were previously in free circulation and remain unaltered, however, the absence of formally approved and consistently applied wording creates uncertainty and audit risk. In some cases, wording accepted during compliance engagement has later been challenged, reinforcing the need for a standardised and HMRC-endorsed approach.

Improving clarity reduces both administrative burden and reputational risk and directly supports competitiveness objectives outlined in Chapter 1.

3. Regulatory Environment

3.1 Overview

The Terms of Reference identify regulatory complexity and duplication as a continuing source of friction for businesses moving goods between Great Britain (GB) and Northern Ireland (NI).

Stakeholder engagement indicates that while individual regulatory requirements may be manageable in isolation, cumulative data demands, overlapping systems and forward regulatory divergence create operational strain; particularly for SMEs and groupage operators.

This chapter examines the principal regulatory pressures currently affecting GB-NI trade and identifies reforms capable of improving predictability, reducing duplication and strengthening system integration within existing UK Government structures.

3.2 Safety and Security (ICS2) and Data Duplication

Issue

The EU's Import Control System 2 (ICS2) is the system through which Entry Summary Declarations (ENS) are submitted for safety and security purposes. Under the Windsor Framework, ENS requirements apply to certain commercial movements from GB to NI and RoW to NI. ICS2 has been implemented in phases by mode and operator type. Release 3 was completed in September 2025 with transitional arrangements and technical adaptations continuing into 2026.

ICS2 requires:

- Detailed goods descriptions.
- 6-digit HS codes.
- Consignor and consignee details.
- EORI numbers.
- Pre-loading or pre-arrival data submission.

Stakeholders report that many data elements required under ICS2 are already captured within commercial invoices or customs declarations yet must be resubmitted via separate systems. This duplication is often driven by how data is collected and reused across systems in practice rather than by a clear legal requirement at each stage of the process. Now the system is in place, businesses continue to experience operational challenges in how these requirements are applied.

In practice, this results in:

- Duplication of data entry.
- Increased liability for carriers.
- Elevated risk of shipment delay due to minor data discrepancies.
- In some cases, this also results in commercially sensitive information being shared more widely across the supply chain than is strictly necessary to meet Safety and Security requirements.

Regulatory Impact

- Disproportionate burden on groupage operators.
- Data re-keying and system incompatibility.
- GB supplier confusion regarding data requirements.
- Delays triggered by generic or "stop word" product descriptions.

Recommended Measures

0-6 months:

- Publish consolidated ICS2 guidance tailored specifically to GB-NI flows.
- Clarify division of responsibility between traders (consignor & consignee), intermediary and carrier.
- Issue structured list of unacceptable generic descriptions and recommended alternatives.

6-24 months:

- Develop data re-use architecture to enable interoperability between:
    - Commercial invoice data.
    - Customs declaration systems.
    - ICS2 submissions.
- Reduce duplication through system integration rather than additional reporting.

Responsibility for delivery in this area sits primarily with HMRC and Border Force in respect of operational guidance, system design and Safety and Security implementation. DfE and Invest NI have a supporting role in ensuring that requirements are clearly communicated to businesses and translated into practical, sector-relevant guidance.

Whilst removal of ICS2 obligations would require EU agreement, meaningful reduction in duplication can be progressed within existing UK administrative structures through improved digital alignment and clearer operational guidance.

3.3 Groupage and Mixed Consignment Complexity

Issue

Groupage operators, essential for SME consignments, face disproportionate administrative burden where:

- Mixed consignments contain goods with differing tariff treatment.
- UKIMS eligibility varies within a single trailer.
- Safety and Security data must be itemised at granular level.

A single product line requiring “At Risk” declaration may complicate the entire consignment.

Regulatory Impact

- Increased consolidation costs.
- Risk-averse behaviour (refusal to carry certain goods).
- Reduced availability of pallet network routes.

- Additional administrative fees passed to SMEs (stakeholders report fee increases associated with meeting ICS2 data and compliance requirements).

Recommended Measures

0-6 months:

- Develop groupage-specific guidance clarifying liability and data allocation.
- Clarify how mixed UKIMS eligibility consignments should be managed operationally.

6-12 months:

- Explore pilot "Trusted Haulier" framework focused on:
    - Risk-calibrated intervention.
    - Safe-harbour provisions where carriers and groupage operators are acting in good faith based on trader-supplied data, meaning that liability would not automatically transfer to the carrier where inaccuracies arise, provided that reasonable checks and due diligence have been undertaken.
    - Reduced duplication through pre-lodged datasets, enabling key shipment data (for example, product descriptions, commodity codes and trader details) to be submitted once and reused across customs and Safety and Security processes, rather than being re-keyed at multiple stages. This would not remove regulatory obligations but could improve proportionality and predictability.

      This could be delivered initially through better use of existing systems (including CDS and ICS2 data flows) and improved data sharing between intermediaries and carriers. The transition to the new Trader Support Service (TSS) operating model, with updated systems expected from Autumn 2026, provides a critical opportunity to incorporate these improvements at design stage rather than attempting retrospective fixes.

Responsibility for delivery in this area sits primarily with HMRC and Border Force in respect of operational guidance, risk frameworks and Safety and Security implementation. DfE and Invest NI have a supporting role in translating these requirements into clear, practical guidance for businesses and engaging with groupage operators and SMEs to support implementation.

3.4 Regulatory Divergence Visibility

Issue

NI businesses remain subject to certain EU regulatory measures that may apply ahead of or differently to Great Britain. Examples include:

- Carbon Border Adjustment Mechanism (CBAM).
- EU Deforestation Regulation (EUDR).
- General Product Safety Regulation (GPSR).

- Ongoing SPS and labelling requirements.

Stakeholders report difficulty identifying:

- Which EU measures apply in NI.
- When divergence begins.
- What documentation or system changes are required.
- Delays in obtaining timely and consolidated guidance to enable businesses to prepare in advance of regulatory change.

Regulatory Impact

- Reactive rather than proactive compliance.
- Late adaptation costs.
- Increased advisory expenditure.
- Risk of market exclusion.

Recommended Measures

0-6 months:

- Develop publicly accessible "Regulatory Divergence Dashboard" consolidating:
    - Applicable EU legislation.
    - Implementation dates.
    - NI-specific implications.
    - Comparison with GB position.
- Establish DfE as the lead coordinating body responsible for maintaining the Dashboard, with input from relevant UK Government departments (including HMRC, DEFRA and the Department of Business, Innovation, Science and Technology (BIST)) to ensure accuracy of regulatory scope and timing.

6-12 months:

- Integrate the Dashboard with DfE and Invest NI advisory outputs by ensuring that identified regulatory changes are translated into practical, sector-specific guidance, including business briefings, client-facing advisory support and targeted engagement aligned to implementation timelines.
- Issue targeted, sector-specific briefings for high-impact industries, aligned with upcoming regulatory timelines.

Improved visibility and earlier access to consolidated guidance do not alter regulatory obligations but significantly reduce compliance uncertainty and support proactive business planning. This aligns with wider recommendations, including those of the House of Lords Northern Ireland Scrutiny Committee, regarding the need for improved transparency and

accessibility of applicable EU legislation in Northern Ireland, including consideration of a replacement or enhanced mechanism for tracking such legislation in Northern Ireland.

Responsibility for delivery in this area sits with DfE as the coordinating body for visibility and communication, supported by input from relevant UK Government departments to ensure accuracy of regulatory scope, with Invest NI responsible for translating outputs into practical business-facing guidance.

3.5 Data Burden and System Fragmentation

Issue

Businesses report operating across multiple parallel systems and data environments, often through a combination of direct access and intermediary support:

- Customs declaration processes (typically accessed via TSS or intermediaries).
- UKIMS authorisation records.
- ICS2 Safety and Security data requirements (submitted via carriers or logistics operators).
- Trader Support Service (TSS).
- Commercial accounting systems.

Lack of integration across these systems increases:

- Risk of discrepancy.
- Administrative cost.
- Training burden.

Regulatory Impact

- Disproportionate SME cost exposure.
- Reliance on intermediaries.
- Data mismatch penalties.

Recommended Measures (12-24 Months)

- Advance system integration between customs and Safety and Security platforms.
- Develop API-based data reuse capacity.
- Promote digital alignment tools for SMEs.

These measures represent medium-term system optimisation and are not without complexity, particularly where multiple platforms, stakeholders and data standards are involved. However, the issue is less about creating new data and more about improving how existing data is reused across systems. This creates a realistic pathway for incremental delivery through better alignment of current platforms, alongside more structured integration linked to planned

developments, including the evolution of the Trader Support Service and wider UK customs digital strategy.

3.6 Safety and Security Alignment: Longer-Term Consideration

Stakeholders have queried whether UK-EU alignment within a Safety and Security Zone could reduce ICS2 obligations.

Re-entry into a shared zone would require EU negotiation and cannot be progressed unilaterally by the UK, however, the report notes that continued dialogue on proportionality and risk calibration remains appropriate.

In the interim, administrative duplication can be reduced through improved domestic system coordination.

3.7 Summary of Chapter 3

Regulatory friction in GB-NI trade increasingly arises from duplication, system fragmentation and forward divergence visibility rather than from the existence of individual regulatory requirements.

Priority short-term actions include:

- Consolidated ICS2 guidance.
- Groupage-specific operational clarity.
- Regulatory Divergence Dashboard.

Medium-term actions focus on:

- Data re-use architecture.
- Trusted Haulier pilot.
- Digital integration improvements.

Improving regulatory clarity and reducing duplication strengthens both competitiveness and compliance confidence.

Responsibility for delivery sits primarily with HMRC as the competent authority for customs, Safety and Security and system design. DfE has a coordinating role in prioritisation and stakeholder engagement with Invest NI focused on translating these measures into practical business-facing guidance. Detailed ownership and dependencies are set out in the Recommendations Matrix.

4. Political and Structural Context

4.1 Overview

The Terms of Reference recognise that beyond technical customs and regulatory requirements, broader political and structural factors influence business confidence, trading behaviour and supply-chain decisions.

Stakeholder engagement demonstrates that perception, messaging and institutional coordination materially affect the functioning of GB-NI trade.

In many instances, friction arises not from formal legal obligations, but from uncertainty about how those obligations are interpreted, communicated and supported.

This chapter addresses structural and confidence-related dimensions of trade facilitation and proposes reforms aimed at strengthening coherence, predictability and market signalling.

4.2 Messaging, Market Signalling and Business Confidence

Issue

Public communications surrounding the Windsor Framework have emphasised simplified trade and the proportion of “Not At Risk” movements.

While factually accurate within defined parameters, stakeholder evidence suggests that messaging has at times unintentionally:

- Reinforced misunderstanding of the “At Risk” framework.
- Created perception gaps among GB suppliers.
- Encouraged belief that NI does not trade onward to Ireland / the EU.
- Contributed to withdrawal of certain GB suppliers from the NI market.

In practice and consistent with the policy intent of the Windsor Framework, Northern Ireland’s economic proposition is grounded in ‘Dual Market Access’ (DMA), reflecting the ability, subject to compliance with the applicable processes and requirements, to place goods on the market in both the UK and the EU, depending on how goods are moved and supplied.

Where goods are declared “At Risk” and EU duty is payable where applicable, this can support onward movement consistent with EU market requirements, subject to the applicable customs processes and conditions being met. This is not a compliance failure but a commercially legitimate pathway.

Structural Impact

- GB suppliers declining to serve NI customers.
- Misaligned commercial expectations.

- Over-reliance on UKIMS where alternative commercial pathways such as “At Risk” declarations, use of UK preferential origin, Returned Goods Relief (RGR), or Duty Reimbursement Scheme (DRS) mechanisms may be more appropriate.
- Reduced exploitation of NI’s strategic trading position.

Recommended Measures (0-6 Months)

- Align official communications to clearly distinguish:
    - Tariff treatment.
    - Free circulation status.
    - Market access implications.
- Publish structured guidance clarifying commercial pathways and Dual Market Access implications with HMRC providing the underlying legal and technical framework and DfE and Invest NI leading the development of practical, business-facing interpretation and communication.
- Ensure messaging does not inadvertently present “At Risk” as undesirable or exceptional.

Improved clarity strengthens confidence without altering policy substance. Responsibility for delivery sits with HMRC as the competent authority for legal and technical clarification, with DfE and Invest NI responsible for communication, interpretation and business-facing guidance.

4.3 One-Stop-Shop and Institutional Coordination

Issue

Businesses report fragmentation across advisory and support structures, including:

- HMRC and other UKG Department helplines.
- Trader Support Service (TSS).
- DfE and Invest NI advisory outputs.
- Industry bodies.
- Private customs intermediaries.

While each performs a defined role, there is no single authoritative escalation route for complex or cross-cutting GB-NI queries.

In some cases, contradictory advice has been issued across channels.

Structural Impact

- Increased compliance risk.
- Delayed commercial decisions.
- Reduced confidence in official guidance.

- Escalation of minor technical issues.

Recommended Measures (6-12 Months)

- Develop a functional UK-wide “One-Stop-Shop” model, building on existing structures (including HMRC NI Stakeholder Engagement, TSS and DfE / Invest NI advisory services), incorporating:
    - Centralised triage for complex or cross-cutting GB-NI queries, providing a single entry point for business.
    - Routing of queries to the appropriate authority (HMRC for legal and customs interpretation, other UK Government departments for regulatory matters).
    - A defined escalation pathway for unresolved or systemic issues into HMRC policy and cross-government forums.
    - Cross-agency coordination to ensure consistency of both guidance and advice across HMRC, TSS, DfE, Invest NI and InterTradeIreland
- Establish a formal feedback loop between operational delivery teams (including TSS and advisory bodies) and policy teams to identify recurring friction points and inform continuous improvement.
- Publish anonymised technical clarifications and case-based guidance to reduce repeat queries and improve consistency across advisory channels.

This reform improves predictability and coherence without expanding regulatory obligations.

Delivery of this model would require HMRC to act as the competent authority for technical and legal interpretation with DfE providing coordination across departments and agencies and Invest NI, InterTradeIreland and TSS supporting front-line engagement and practical application.

4.4 Trusted Operator and Liability Allocation

Issue

Freight operators and logistics providers report liability exposure arising from reliance on trader-supplied data under ICS2 and customs systems.

There is a perception that Fast Parcel Operators have benefited from simplified models (e.g. EIDR use), while traditional freight operators bear disproportionate administrative risk.

While complete removal of Safety and Security obligations is not legally feasible without EU agreement, there is scope for improved risk calibration.

A recurring concern among freight and logistics operators is the perceived asymmetry between Fast Parcel Operators and traditional freight and groupage operators in the application of certain easements and simplified processes. While this reflects stakeholder perception rather than a definitive assessment of policy intent, differences in operational models, data requirements and liability structures may contribute to this view. Regardless, the perception of uneven treatment risks undermining confidence in system fairness. Greater transparency

regarding the policy basis for differential treatment, alongside exploration of risk-calibrated simplifications for compliant freight operators, would help address this concern without altering the underlying Windsor Framework architecture.

Structural Impact

- Risk-averse carrier behaviour.
- Refusal to carry certain consignments.
- Increased compliance cost passed to traders.
- Pressure on groupage networks.

Recommended Measures (6-12 Months Pilot)

- Develop a risk-calibrated Trusted Haulier pilot, building on existing authorisation and risk frameworks, focused on:
    - Reduced physical intervention and prioritised clearance for operators demonstrating consistent compliance history.
    - Defined “safe-harbour” provisions, whereby carriers and hauliers acting in good faith on trader-supplied data are not subject to penalty where errors originate upstream, subject to appropriate due diligence.
    - Pre-lodgement and re-use of shipment data across systems (including CDS and ICS2) to reduce duplication.
    - Access to a structured escalation route for resolving data, classification or eligibility issues in real time.
    - Clear eligibility criteria based on compliance record, systems capability and audit transparency.

Delivery of such a pilot would sit with HMRC and Border Force within existing risk and compliance frameworks, with input from logistics operators and representative bodies to ensure practical applicability.

4.5 East-West Trade Confidence

Issue

Stakeholders report continued reluctance among certain GB suppliers to trade with NI due to perceived complexity.

In many cases, withdrawal decisions are made before suppliers fully understand available simplifications.

Structural Impact

- Reduced supplier choice for NI traders.
- Price inflation.

- Supply-chain substitution towards ROI/EU.
- Missed opportunities for internal UK trade.

Recommended Measures (0-12 Months)

- Develop targeted GB-facing guidance explaining:
    - GB-NI commercial pathways.
    - UKIMS eligibility.
    - Dual Market Access implications.
- Engage GB trade bodies directly through structured outreach.
- Promote NI's trading position in a commercially grounded manner.

These actions support both competitiveness and constitutional stability objectives.

4.6 Governance and Feedback Mechanisms

Issue

Recurring friction points often emerge at operational level but lack formal route for structured policy feedback.

Engagement structures exist (e.g. NI JCCC, stakeholder forums), but translation of feedback into policy adjustment can be slow.

Recommended Measures (6-24 Months)

- Formalise recurring friction reporting mechanism.
- Introduce structured review of guidance outputs at defined intervals.
- Improve transparency regarding how stakeholder feedback informs administrative change.

4.7 Summary of Chapter 4

Political and structural factors significantly influence the real-world operation of GB-NI trade.

Key short-term actions include:

- Clarifying messaging around "At Risk" and Dual Market Access.
- Improving GB-facing communication.
- Establishing clearer escalation routes.

Medium-term actions include:

- Trusted Haulier pilot.

- Strengthened One-Stop-Shop model.
- Enhanced feedback loops.

These measures improve confidence and coherence without altering the legal framework.

Responsibility for delivery sits across HMRC, DfE, Invest NI, BIST, InterTradeIreland and other relevant bodies depending on the measure, with detailed lead and supporting roles set out in the Recommendations Matrix.

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5. Recent and Upcoming Regulatory Risks

5.1 Overview

The Terms of Reference recognise that the regulatory landscape affecting Northern Ireland (NI) remains dynamic. Under the Windsor Framework, certain EU goods-related legislation continues to apply in NI. In parallel, the United Kingdom may adopt distinct regulatory approaches in Great Britain (GB).

Stakeholder engagement indicates that forward-looking regulatory divergence presents increasing compliance risk and business uncertainty, particularly where:

- EU legislation applies in NI ahead of or differently to GB.
- Implementation guidance is fragmented or delayed.
- Businesses lack early visibility of upcoming obligations.

This chapter examines key emerging regulatory pressures and identifies measures to strengthen horizon-scanning, visibility and preparedness.

Note: timelines for EU regulatory measures referenced in this chapter reflect official published sources at the time of writing and remain subject to further amendment.

5.2 Import Control System 2 (ICS2) - Phased Implementation

Issue

ICS2 is the EU's system for the submission and processing of Entry Summary Declarations (ENS) for safety and security purposes. Under the Windsor Framework, Entry Summary Declaration (ENS) requirements apply to certain* commercial movements from Great Britain to Northern Ireland and from Rest of World to Northern Ireland. ICS2 is the platform through which these declarations are made.

ICS2 has been implemented in phases across transport modes, increasing data granularity and validation requirements.

* Note: GOV.UK states that "Entry summary declarations will only be needed for some parcel movements from Great Britain into Northern Ireland under the Windsor Framework."

Stakeholders report:

- Confusion among GB suppliers unfamiliar with EU-style Safety and Security declarations.
- Increased liability exposure for carriers.
- Rejection of consignments due to generic product descriptions.
- Limited awareness of evolving technical specifications.

Risk Impact

- Shipment delays.
- Administrative surcharges.
- Withdrawal of low-margin supply routes.
- Increased reliance on intermediaries.

Recommended Measures

0-6 months:

- Issue NI-specific ICS2 implementation note clarifying obligations for GB suppliers.
- Publish structured examples of acceptable product descriptions.
- Improve visibility of upcoming ICS2 technical changes.

6-24 months:

- Advance system integration to reduce duplication between customs and Safety and Security submissions.
- Engage proactively with EU counterparts where operational friction emerges.

Whilst ICS2 cannot be removed unilaterally by the UK, operational mitigation is achievable.

5.3 Carbon Border Adjustment Mechanism (CBAM)

Issue

The European Union has introduced a Carbon Border Adjustment Mechanism (CBAM) applying to specified carbon-intensive goods imported into the EU customs territory. The transitional phase (2023 to 2025) has now concluded and the CBAM entered its definitive phase on 1st of January 2026. Under this phase, reporting obligations continue and financial obligations arise in respect of imports from 2026 with certificate purchase and surrender requirements commencing from 2027.

CBAM is not listed in Annex 2 to the Windsor Framework and does not apply in Northern Ireland under current arrangements. Any future inclusion would require agreement through the UK-EU Joint Committee under Article 13(4) alongside the applicable governance and safeguard mechanisms.

In practice, CBAM becomes relevant to Northern Ireland businesses primarily through supply chains, where EU customers may require supporting information in relation to classification, production processes and embedded emissions. In these cases, the Northern Ireland business is not the CBAM declarant but may be required to provide supporting data to EU customers to enable their compliance obligations.

The UK Government has confirmed that a UK Carbon Border Adjustment Mechanism will apply across the whole of the United Kingdom, including Northern Ireland, from 1st of January 2027.

Stakeholders report low awareness of CBAM and limited understanding of emerging reporting and financial obligations.

Stakeholders report:

- Low awareness among SMEs.
- Uncertainty regarding reporting thresholds.
- Limited availability of NI-specific guidance.

Risk Impact

- Unanticipated reporting obligations.
- Compliance cost escalation.
- Supply-chain redesign.

Electricity, as a sector within EU CBAM scope, raises additional sensitivity given Northern Ireland's participation in the all-island Single Electricity Market. Any future divergence or alignment would require careful coordination to avoid price distortion or unintended carbon cost exposure.

Recommended Measures

0-6 months:

- Publish NI-specific CBAM guidance clarifying its interaction with Windsor Framework processes and potential supply chain implications.
- Identify high-exposure sectors and issue targeted briefings.

6-12 months:

- Integrate CBAM visibility into proposed Regulatory Divergence Dashboard.

Early clarity reduces reactive compliance behaviour.

5.4 EU Deforestation Regulation (EUDR)

Issue

The EU Deforestation Regulation introduces due diligence obligations for specified commodities and products placed on the EU market. The Regulation requires operators placing

in-scope products on the EU market to submit Due Diligence Statements via the EU information system and to maintain traceability to the geolocation of the land plot of production for covered commodities.

Stakeholders have highlighted uncertainty regarding the extent of its application in Northern Ireland under the Windsor Framework alongside the need for clear and consolidated guidance.

Implementation Timeline (Updated)

The application of Regulation (EU) 2023/1115 has been postponed by Regulation (EU) 2025/2650. The Regulation will apply from 30th December 2026 for large and medium operators. It will apply from 30th June 2027 for micro and small operators, except where micro and small operators were already covered by the EU Timber Regulation, in which case the application date is 30th December 2026.

Risk Impact

- Documentation gaps.
- Market exclusion risk.
- Increased supplier due diligence burden.

Recommended Measures

- Issue sector-specific NI guidance outlining:
    - Scope.
    - Documentation expectations.
    - Interaction with UK supply chains.
- Incorporate EUDR into Regulatory Divergence Dashboard.

5.5 General Product Safety Regulation (GPSR) and Product Compliance

Issue

The updated EU General Product Safety Regulation applies to goods placed on the EU market. Regulation (EU) 2023/988 applies in respect of Northern Ireland in accordance with the Windsor Framework arrangements. GPSR reinforces the concept of the “economic operator”, placing defined obligations on manufacturers, importers, distributors and online marketplaces in relation to traceability, recall processes and technical documentation.

Stakeholders report confusion regarding:

- Labelling.
- Responsible person / Authorised Representative requirements.
- Interaction with UKCA / CE marking regimes.

Risk Impact

- Product withdrawal.
- Dual labelling costs.
- GB supplier disengagement.

Recommended Measures

- Develop NI-focused product compliance summary for SMEs.
- Clarify interplay between UK and EU marking where applicable.

5.6 SPS and Agri-Food Regulatory Developments

Issue

Sanitary and Phytosanitary (SPS) requirements continue to evolve under the Windsor Framework.

Changes in EU veterinary, plant health or food labelling rules may apply in NI ahead of or differently to GB.

Stakeholders highlight:

- Uncertainty regarding future divergence.
- Administrative preparation burdens.
- Cashflow impacts in agri-food sector.

Recommended Measures

- Strengthen early-warning mechanism for SPS regulatory change.
- Integrate SPS updates within Regulatory Divergence Dashboard.
- Improve sector-specific engagement.

Across retail, agri-food, logistics and manufacturing stakeholders, a comprehensive UK-EU Sanitary and Phytosanitary (SPS) agreement was consistently identified as the single most structurally impactful measure capable of reducing GB-NI friction in SPS goods. Whilst such an agreement would require formal negotiation and governance alignment beyond unilateral UK administrative action, its potential to remove routine certification requirements, reduce labelling burdens and restore supplier confidence was repeatedly emphasised. This report therefore recognises SPS alignment as a strategically significant longer-term development, while focusing its primary recommendations on measures deliverable within existing arrangements.

Joint UK-EU Commitment to an SPS Agreement

The UK Government has publicly stated its intention to pursue a comprehensive Sanitary and Phytosanitary (SPS) agreement with the European Union and ministerial statements indicate

that discussions are underway. The UK Government's response to the Independent Review of the Windsor Framework (16th of December 2025) referenced SPS alignment as a potential route to reducing agri-food friction. While formal scope, governance arrangements and timeline remain subject to negotiation, the direction of travel indicates a material opportunity to reduce certification requirements and associated cost burdens affecting GB-NI movements.

5.7 Regulatory Divergence Dashboard - Structural Solution

Across all emerging regulatory areas, a consistent theme is limited consolidated visibility.

Recommended Structural Reform (Priority 0-6 Months)

Develop a publicly accessible **Regulatory Divergence Dashboard** including:

- Applicable EU goods legislation applying in NI.
- Implementation timelines.
- Sector impact summaries.
- Comparison with GB regulatory position.
- Links to official guidance.

This tool should be maintained collaboratively by DfE and relevant UK Government departments and updated regularly.

Such a mechanism does not alter regulatory obligations but materially reduces uncertainty and advisory cost.

5.8 Summary of Chapter 5

Emerging regulatory pressures, including ICS2, CBAM, EUDR, GPSR and evolving SPS rules - create forward-looking compliance risk.

The principal challenge is not the existence of these regimes but limited visibility, fragmented guidance and insufficient early-warning mechanisms.

Priority short-term action:

- GB-NI trade specific ICS2 clarification
- Regulatory Divergence Dashboard.
- Sector-targeted briefings for CBAM, EUDR and evolving SPS developments.

Medium-term action:

- System integration to reduce duplication
- Ongoing horizon-scanning and structured stakeholder engagement

Improved foresight and visibility reduce reactive compliance cost and strengthen NI's ability to leverage Dual Market Access effectively.

This report reflects recurring themes raised across representative bodies, individual businesses and operational stakeholders. While not all proposals raised during engagement are recommended for immediate implementation, particularly where they would require renegotiation of the Windsor Framework, all substantive issues have been considered and assessed against deliverability, proportionality and what can be progressed within existing structures.

6. Recommendations Matrix

The table below sets out the recommendations against the Terms of Reference themes, delivery timeline, legal scope, key dependencies and alignment with the UK Government response of 16th of December 2025. It also identifies where responsibility for delivery is likely to sit, alongside supporting bodies where coordination is required.

All recommendations have been developed on the basis of what can realistically be delivered within existing structures and do not require any renegotiation of the Windsor Framework.

The recommendations are structured and sequenced to prioritise practical delivery, in particular, measures aimed at improving clarity, guidance and communication are positioned ahead of more complex operational or system-based changes.

Ref	Recommend-ation	ToR Theme	Timeline	Legal Scope	Key Dependency	Alignment with UKG Response (16th of December 2025)	Priority	Lead Body	Supporting Bodies	Notes
R1	Publish formal clarification on "At Risk", Free Circulation & Dual Market Access pathways	Clarity & Compliance / Political Context	0-6 months	UK Administrative	HMRC communications alignment	Improves implementation clarity	High	HMRC	DfE, Invest NI, BIST	
R2	Publish structured commercial pathway guidance (GB-origin vs RoW-origin UKIMS distinctions)	Clarity & Compliance	0-6 months	UK Administrative	HMRC / DfE coordination	Strengthens business guidance	High	HMRC	DfE, Invest NI, BIST	
R3	Introduce minimum operational	Costs & Competitiveness	0-6 consultation;	UK Unilateral Regulatory Oversight	HMRC engagement with operators	Improves delivery of	High		Parcel Operators,	

	standards for Fast Parcel Operators (FPOs)		6-12 implementation			existing simplifications		HMRC & HM Treasury	AICES (The Association of International Courier & Express Services) & other Trade Bodies, DfE	
R4	Prohibit Disbursement Fees where no duty is ultimately payable; subject to outcome of FPO standards consultation.	Costs & Competitiveness	6-12 months	UK Domestic	HMRC / HMT agreement	Enhances fairness in operation	High	HMRC & HM Treasury	Parcel Operators, AICES (The Association of International Courier & Express Services) & other Trade Bodies	Linked to outcome of FPO standards consultation
R5	Simplify Duty Reimbursement Scheme (DRS) to declaration-based audit model	Costs & Competitiveness	Design 0-6; implement 6-12	UK Unilateral	HM Treasury sign-off / Policy approval	Reduces administrative burden	High	HMRC & HM Treasury		

R6	Introduce historical Waiver Reconciliation Mechanism	Costs & Competitiveness	6-12 months	UK Unilateral	HMRC Systems Adjustment	Corrects implementation distortion	Medium-High	HMRC		
R7	Extend UKIMS Construction Exemption to permanent structures across the UK	Costs & Competitiveness	Review 0-6; implement 6-12	UK Administrative Interpretation (subject to Joint Committee notification if required)	HMRC policy decision	Enhances proportionality and competitiveness	High	UK Government & HMRC	Cabinet Office	May require consideration through Windsor Framework Governance Structures depending on Scope
R8	Publish approved Returned Goods Relief (RGR) declaration wording	Clarity & Compliance	0-6 months	UK Administrative	HMRC guidance update	Improves clarity and consistency	High	HMRC	DfE, Invest NI	
R9	Develop scenario-based UKIMS	Clarity & Compliance	0-6 months	UK Administrative	DfE / HMRC coordination	Supports business understanding	High	HMRC		

	guidance (Sector-specific)								DfE, Invest NI, BIST	
R10	Review proportionality of UKIMS record-keeping for SMEs	Clarity & Compliance	6-12 months	UK Unilateral	HMRC compliance review	Improves proportionality	Medium	HMRC	DfE	
R11	Consolidated ICS2 GB-NI guidance and unacceptable description list (Stop Words)	Regulatory Environment	0-6 months	UK Administrative	HMRC / Border Force	Reduces duplication and delay	High	HMRC & Border Force	DfE, BIST	
R12	Develop data re-use architecture across CDS and ICS2	Regulatory Environment	12-24 months	UK Administrative / Systems development	HMRC IT investment	Reduces administrative duplication	Medium-High	HMRC		Dependent on system development and investment
R13	Groupage-specific operational guidance	Regulatory Environment	0-6 months	UK Administrative	HMRC policy clarity	Supports SME supply chains	High	HMRC	Logistics Operators, Trade Bodies	

R14	Pilot Trusted Haulier model (Risk-calibrated intervention)	Political & Structural / Regulatory	6-12 pilot	UK Administrative (within Windsor Framework constraints)	HMRC Risk Framework	Enhances proportionality	Medium-High	HMRC	Border Force, Logistics Operators	Subject to risk model design within existing Framework
R15	Establish structured One-Stop-Shop Escalation Model	Political & Structural	6-12 months	UK Administrative	Cross-departmental coordination	Strengthens engagement commitment	Medium-High	UK Government (Lead Department tbc)	DfE, Invest NI, HMRC, BIST	To align with existing UK Government commitments and funding allocations
R16	GB-facing communication campaign on GB-NI Trade Pathways	Political & Structural	0-6 months	UK Administrative	DfE / BIST engagement	Improves business confidence	High	DfE	BIST, Invest NI	
R17	Develop Regulatory Divergence Dashboard	Regulatory Risks	0-6 months	UK Administrative	DfE / Cabinet Office input	Improves forward visibility	High	DfE	Cabinet Office, Invest NI	
R18	Sector-specific briefings on	Regulatory Risks	0-6 months	UK Administrative	Policy coordination	Supports early compliance	High			

	CBAM, EUDR, GPSR and evolving SPS regulatory developments (including NI applicability and timelines)							DfE / Invest NI	Relevant UK Government Departments	
R19	Advance customs-Safety and Security system inter-operability	Regulatory Environment	12-24 months	UK administrative / technical	HMRC digital investment	Reduces duplication	Medium	HMRC		Should align with existing Government commitments
R20	Formal friction reporting and review mechanism	Political & Structural	6-12 months	UK administrative	Interdepartmental governance	Embeds continuous improvement	Medium	DfE / HMRC	Representative bodies	

7. Conclusion and Next Steps

7.1 Conclusion

This research has identified a series of practical, deliverable measures capable of reducing friction in the movement of goods between Great Britain and Northern Ireland within the existing Windsor Framework arrangements.

The evidence gathered through stakeholder engagement demonstrates that the majority of current pressures experienced by businesses arise not from the core legal architecture of the Framework but from implementation complexity, duplication of process, inconsistent interpretation and limited forward visibility.

Northern Ireland's position under the Windsor Framework provides a distinctive economic platform through Dual Market Access (DMA). However, realising the opportunity depends upon clarity, proportionality and operational coherence.

The recommendations set out in this report:

- Do not require renegotiation of the Framework;
- Sit largely within existing UK administrative structures;
- Complement commitments already made in the UK Government's response to the Independent Review of the Windsor Framework (16th of December 2025); and
- Are capable of phased delivery within the current Parliament.

Many of the measures proposed are administrative in nature but have the potential to materially improve competitiveness, reduce hidden cost burdens and strengthen business confidence in East-West trade.

The next phase of trade facilitation under the Windsor Framework is therefore not structural redesign but operational refinement. Operational refinement, if delivered with urgency and coherence, has the potential to restore confidence in East-West trade and reinforce Northern Ireland's strategic economic position within both the United Kingdom and the European Union markets.

7.2 Implementation Approach

To ensure momentum and credibility, implementation should be structured around the phased roadmap outlined in this report:

- **0-6 months:** Immediate clarity and confidence-building measures, including formal guidance clarification, targeted communications and visibility tools.
- **6-12 months:** Procedural and proportionality reforms addressing cost distortions and operational inconsistencies.
- **12-24 months:** System integration and structural optimisation to reduce duplication and strengthen resilience.

Early visible action; particularly on guidance clarity, Fast Parcel Operator standards and the Construction Exemption review, will signal responsiveness and strengthen stakeholder confidence.

7.3 Governance and Oversight

Delivery of these measures would benefit from:

- Clear departmental ownership of each recommendation;
- Structured progress reporting at defined intervals;
- Ongoing engagement with representative bodies and operational stakeholders;
- Formal review of implementation impact after 12 months.

Embedding a recurring friction-reporting mechanism would ensure that operational issues identified in practice can be fed back into policy refinement in a timely manner.

7.4 Next Steps

The focus now shifts from analysis to implementation.

The following next steps are proposed to support delivery of the measures set out in this report:

1. Agree prioritisation of recommendations across the defined short, medium and longer-term delivery timeframes.
2. Confirm lead and supporting bodies responsible for delivery of each recommendation.
3. Progress early clarification and communication measures to address identified areas of business uncertainty.
4. Establish a structured mechanism for ongoing stakeholder engagement and feedback to support implementation.

These steps are intended to support practical delivery and ensure that the improvements identified in this report translate into measurable reductions in friction for businesses operating under the Windsor Framework. The emphasis throughout is on timely, coordinated delivery within existing structures.

8. Appendices

Appendix A - Stakeholder Engagement Overview

This research was informed by structured engagement with representative bodies, sector organisations, relevant trade and industry associations and a small number of individual businesses across Northern Ireland, with upstream Great Britain perspectives captured through representative bodies and trade associations.

Engagement included consultations with manufacturing, retail, logistics, SME and GB-based representative organisations.

Feedback was reviewed for recurring themes, tested for deliverability within the legal scope of the Windsor Framework and assessed against the UK Government's stated commitment to improving implementation.

The recommendations contained within this report reflect recurring, cross-sectoral issues rather than isolated case studies.

Individual engagement summaries have not been appended to this report in order to preserve candour and avoid attribution sensitivities, however, full notes remain available to the commissioning departments upon request.

The issues identified were consistent across multiple engagements and closely align with themes identified in:

• The Independent Review of the Windsor Framework (Lord Murphy, September 2025)
• The UK Government Response (16th of December 2025)
• DfE and Invest NI research on GB-NI trading challenges

This convergence strengthens the case for prioritising operational improvements within existing Windsor Framework arrangements.

Organisations Engaged

The following organisations participated in the stakeholder engagement process (listed at organisation level only and without attribution of specific comments or views):

- Northern Ireland Chamber of Commerce and Industry (NI Chamber)
- Confederation of British Industry Northern Ireland (CBI NI)
- Institute of Directors (IoD)
- Federation of Small Businesses Northern Ireland (FSB NI)
- Manufacturing Northern Ireland (Manufacturing NI)
- Retail Northern Ireland (Retail NI)
- Northern Ireland Food and Drink Association (NIFDA)
- Road Haulage Association (RHA)
- Logistics UK
- Chartered Institute of Export & International Trade (IOE&IT)
- British Chambers of Commerce (BCC)

Appendix B - Abbreviations

Customs Declarations and Processes

MRN - Movement Reference Number

SFD - Simplified Frontier Declaration

SDI - Supplementary Declaration (Import)

FFD - Full Frontier Declaration

Safety and Security Declarations

ENS - Entry Summary Declaration

Systems and Platforms

CDS - Customs Declaration Service

ICS2 - Import Control System 2

TSS - Trader Support Service

Schemes and Reliefs

DRS - Duty Reimbursement Scheme

RGR - Returned Goods Relief

UKIMS - UK Internal Market Scheme

Regulatory and Policy Frameworks

CBAM - Carbon Border Adjustment Mechanism

EUDR - EU Deforestation Regulation

GPSR - General Product Safety Regulation

SPS - Sanitary and Phytosanitary

TRQ - Tariff Rate Quota

UCC - Union Customs Code

Geographical Terms

EU - European Union

GB - Great Britain

NI - Northern Ireland

ROI - Republic of Ireland

UK - United Kingdom

RoW - Rest of World

Operational / Industry Terms

DMA - Dual Market Access

EORI - Economic Operators Registration and Identification number

FPO - Fast Parcel Operator

IoR - Importer of Record

Appendix C - Example RGR Supplier Declaration (Illustrative Only)

Important Note

This example is provided for illustrative purposes based on stakeholder engagement and observed practical application across supply chains.

It does not constitute HMRC-approved wording and should not be interpreted as a formal or binding evidential standard.

Illustrative Supplier Declaration for Returned Goods Relief (EU to GB to NI)

We confirm that the goods referenced in this consignment:

- Were in free circulation within the EU customs territory at the time of export to Great Britain.
- Have subsequently been moved from Great Britain to Northern Ireland.
- Have not been altered, processed or incorporated into other products whilst in Great Britain.
- Are being returned within the applicable three-year period.

To the best of our knowledge, the goods meet the conditions required to support a claim for Returned Goods Relief under applicable customs legislation.

Name:

Position:

Company:

Date:

Context

Stakeholder engagement indicates that supplier declarations of this nature are being used in practice to support Returned Goods Relief (RGR) claims in circumstances where Movement Reference Numbers (MRNs) or full export documentation are not available or are not commercially accessible.

HMRC applies a risk-based approach to evidential requirements, meaning the nature and level of evidence required may vary depending on the specific facts and risk profile of each case.

However, the absence of a standardised or clearly articulated evidential approach for these scenarios has contributed to:

- Inconsistent treatment across cases
- Hesitancy among suppliers to provide supporting statements
- Audit uncertainty for importers

The inclusion of this illustrative example highlights the type of evidential approach currently being adopted in practice and reinforces the recommendation for the development of clear, standardised HMRC guidance in this area.