

Brexit

Preparation for the financial and economic impact and the consequences for Customs

2018



Brexit

Preparation for the financial and economic impact and the consequences for Customs

Original title

Algemene Rekenkamer (2018). Brexit; Voorbereiding op financiële en economische gevolgen, en consequenties voor de Douane.



Contents

	Executive summery	5
1	About this audit	8
1.1	Brexit	8
1.2	What have we audited?	12
1.3	Disclaimer	14
1.4	Structure of this report	14
2	Organisation of Brexit preparations in the Netherlands	15
2.1	Findings	15
2.2	Internal organisation for Brexit preparations	15
2.3	Negotiation and preparation principles in the Netherlands	17
3	Financial and economic consequences of Brexit for the Netherlands	19
3.1	Findings	19
3.2	Potential financial consequences of Brexit	19
3.3	Economic risks to business	24
3.4	Preparations by the business sector for Brexit	27
3.5	Information provided to parliament on the economic and financial consequences	28
4	Impact of Brexit on Customs	30
4.1	Findings	30
4.2	Position of Customs	30
4.3	Assessment and allocation of Customs' budget claim	33
4.4	Customs' preparations: situation at the end of July 2018	35
4.4.1	Personnel	37
4.4.2	Ferry process	37
4.4.3	Premises and resources	39
4.4.4	IT systems	39
4.5	Customs' provision of information to parliament	40
5	Audit findings	41



6	Response of the government and the Court of Audit's afterword	42
6.1	Response of the government	42
6.2	The Court of Audit's afterword	43
	Appendixes	45
1	Definitions and abbreviations	46
2	Estimates of the final Brexit settlement	48
3	Audit methodology	49
4	Notes	50



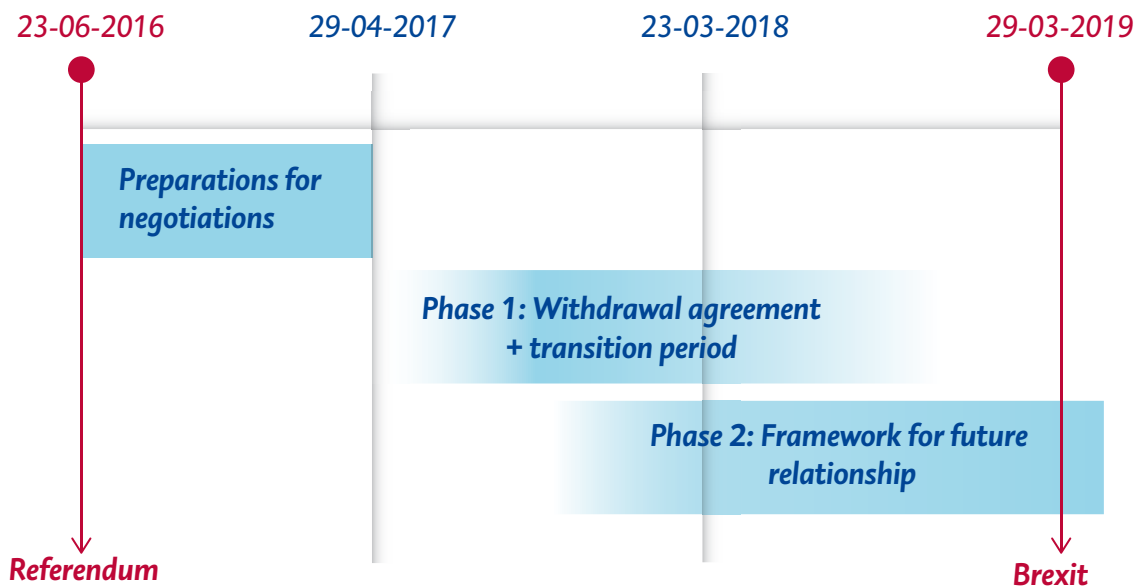


Executive summery

Brexit

By referendum of 23 June 2016, 51.9% of voters in the United Kingdom voted for Brexit, that is to leave the European Union (EU). The European Commission (representing the EU) and the UK have been negotiating the withdrawal since 19 June 2017. Agreement must first be reached on the withdrawal conditions, including the financial settlement between the UK and the EU, before the two parties can open negotiations on their future relationship. The UK will end its 46-year membership of the EU on 29 March 2019.

Two-phase Brexit negotiations



Brexit negotiation timeline

Consequences

The withdrawal process is surrounded by uncertainty and time is pressing. Brexit can have adverse consequences for the Netherlands, including financial and economic costs. The UK is the Netherlands' third largest trading partner. Brexit can also have consequences for the Dutch government itself, for instance at a government agency such as Customs. Goods and persons can currently move freely between the Netherlands and the UK: at airports, all



cross-border goods shipments are subject to customs supervision but Customs does not physically check goods being imported from or exported to the UK. The Royal Military and Border Police check the movement of people as the UK is not a member of the Schengen Area. Customs formalities will be reintroduced, however, on 29 March 2019 (unless agreement is reached on a withdrawal agreement and a transition period). Businesses will then need to complete customs declarations again for their UK imports and exports and Customs will have to check them. This could lead to delays and thus economic losses.

Brexit preparations

The Netherlands Court of Audit has investigated what measures the government is taking to prepare for Brexit. We first looked at the organisation of the preparations and then studied the potential financial and economic consequences of Brexit. Given the importance to business of frictionless trade, we carried out a more detailed study of Customs' Brexit preparations. Other issues, including preparations by other public bodies, such as the Netherlands Food and Consumer Products Safety Authority (NVWA) and the fisheries sector, fell outside our audit scope. We also did ask how parliament had been informed about the Brexit preparations. Parliament needs to be informed if it is to influence the Netherlands' position in the EU negotiations.

Audit conclusions

Our audit found that the government has been making serious preparations for its own services and business for the likely consequences of Brexit since 2016. The financial and economic risks, but not the indirect financial consequences, have been largely quantified. In the worst case scenario, the direct financial cost of a cliff edge ("no deal") Brexit would amount to about €2.3 billion in the period 2018 to 2023, not including the impact on the Multiannual Financial Framework. Furthermore, Customs will not be completely prepared for the additional volume of work that it will have to carry out after a cliff edge Brexit.

Parliament is informed of the main points of the Brexit preparations, but not the details. The government uses the underlying analyses of the economic risks for internal discussion and decision-making.

We found that:

- the government had set up a dedicated organisation to prepare for Brexit. It mirrors the organisational structure in place for the negotiations at EU level;



- most of the *direct* financial consequences of Brexit for the Netherlands were known, for example how high the additional contribution to the EU would be if the UK left the EU without an agreement. The government had also mapped out the risks to individual sectors of the Dutch economy. The potential *indirect* financial consequences of Brexit for the national budget were not known. The reduction in tax revenues due to a decline in trade with the UK, for example, had not been quantified;
- it was not yet clear whether businesses themselves were preparing for Brexit;
- Customs can not be entirely prepared for a cliff edge Brexit on 29 March 2019 because most of the additional staff requested and granted would not have been recruited and trained.

Response of the government and the Court of Audit's afterword

On behalf of the government, the Minister of Foreign Affairs updated a number of points regarding the closing date of our audit, 31 July 2018. He informed us, for instance, of the number of FTEs that Customs currently thought it would recruit and train by 29 March 2019. We assume that the government will also inform parliament of the current situation regarding Customs' premises and preparations at ferry terminals and the renewal of its IT systems.



1 About this audit

This chapter explains the structure of our audit. We begin with the main reason for the audit: the UK's withdrawal from the EU, Brexit.

1.1 Brexit

By referendum of 23 June 2016, 51.9% of voters in the United Kingdom voted for Brexit, that is to leave the European Union (EU). The UK government formally informed the European Council of its intention to leave in its 'article 50 letter'¹ of 29 March 2017. Brexit negotiations then commenced on 19 June 2017. If agreement is reached, it must be approved by at least 20 of the 27 EU member states² and by the European Parliament. The withdrawal process must be completed within two years.³ Following 46 years of membership, the UK will then leave the EU on 29 March 2019. The Brexit timeline is shown in figure 1 below.

Two-phase Brexit negotiations

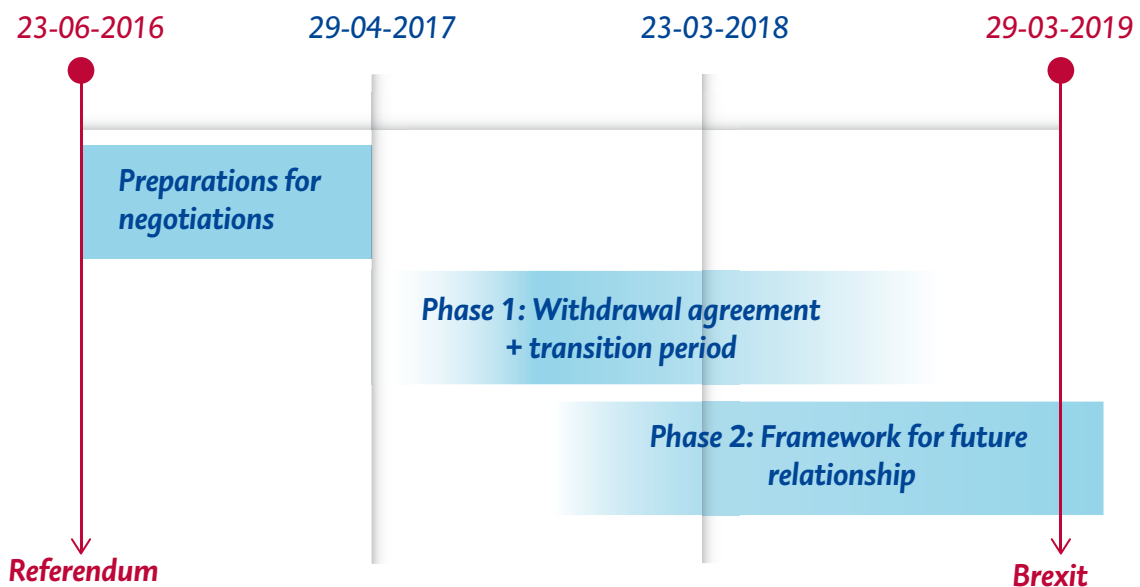


Figure 1 Brexit negotiation timeline



Many parties are involved in the negotiations between the EU and the UK. On behalf of the European Union, they are:

- the European Commission, with ‘team Barnier’ acting as the EU’s negotiator;
- the European Parliament;
- the European Council of elected heads of state and government;
- The Council of the European Union, within which the General Affairs Council coordinates and directs proceedings. The General Affairs Council is made up of the ministries of European or foreign affairs of the 28 EU member states.
- The member states’ embassies to the EU (the Permanent Representatives) liaise between the national and the European actors.

The parties involved in the Brexit negotiations are shown in figure 2.

Two-phase negotiation

The European Council is conducting the negotiations on the principle that *nothing is agreed until everything is agreed*.⁴ The negotiations are being conducted in two phases. In the first phase, the parties must make enough progress to reach an agreement on the conditions for the UK’s orderly withdrawal, including the financial settlement. In the second phase, the EU27 and the UK will negotiate a possible transition period and the framework for their future relationship. The second phase cannot begin until the first phase has been completed.

The position at the end of July 2018 was: the EU27 and UK negotiators published a joint report on the progress made in the first phase on 8 December 2017.⁵ The second phase then commenced. Provisional agreement regarding a transition period to the end of 2020 was reached on 19 March 2018.⁶ On the completion of our audit, no agreement had been reached on the post-Brexit relationship between the EU and the UK.



Many parties are involved in the negotiations between the EU and the UK

EU decision-making by the European Parliament and the EU member states on the outcome of the negotiations

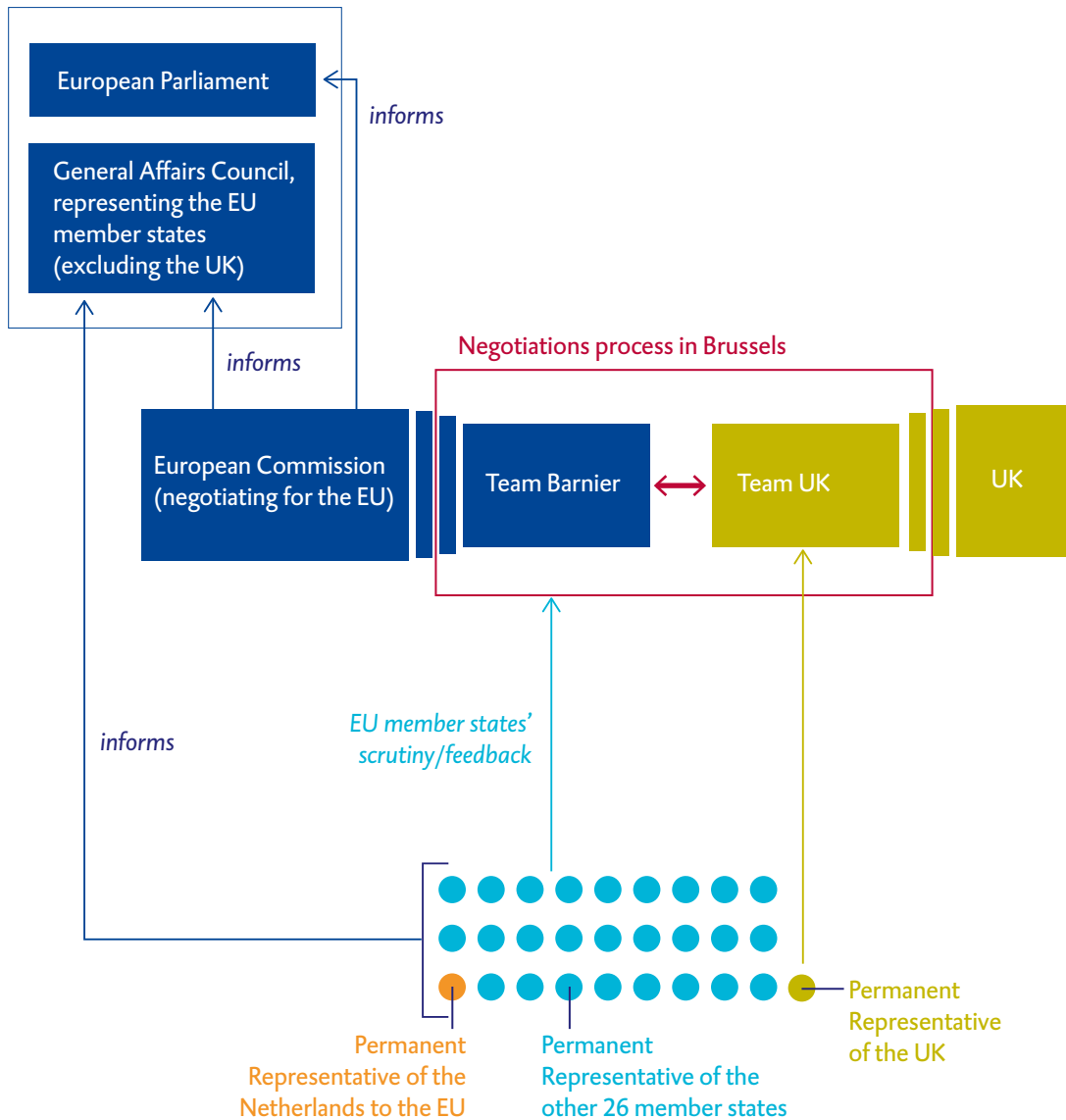


Figure 2 Organisation of the Brexit negotiations at EU Level (Source: Netherlands Court of Audit)

The outcome of the Brexit negotiations must be approved by the European Parliament but not by the Dutch House of Representatives. The House can influence the Netherlands' position in the EU's negotiations in one of two ways: through the talks it holds with the



Minister of Foreign Affairs by way of preparation for the General Affairs Council and in its preparations for European Councils, which are attended by the prime minister.

Brexit can have adverse consequences for the Netherlands. The UK is the country's third largest trading partner.⁷ Brexit can damage the Dutch economy; the Netherlands may have to make a bigger contribution to the EU budget and it will lose a likeminded partner in many areas. It is not yet known how serious the consequences will be. It will depend on the type of Brexit. Three scenarios (soft Brexit, hard Brexit and cliff edge – or “no-deal” – Brexit) are summarised in figure 3.⁸ Other potential scenarios are not considered in this report.

Different consequences of different Brexits




	 Soft Brexit	Intermediate form	 Hard Brexit	 Cliff edge
Financial settlement	UK pays		UK pays	UK does not pay
Single market	UK in single market		UK out of single market	UK out of single market
Transition period	Yes, to 31 Dec 2020		Yes, to 31 Dec 2020	No transition period
New relationship agreement	UK in European Economic Area (EEA)		Trade based on free trade	Trade based on WTO rules

Figure 3 *Brexit scenarios*

The government and government agencies such as Customs will also be affected by Brexit. The UK is currently a member of the EU single market and the Customs Union and there is free movement of goods and persons between the Netherlands and the UK. This means



Executive summary	1	2	3	4	5	6	Appendixes
-------------------	---	---	---	---	---	---	------------

that Customs does not check goods coming from or heading to the UK at, for instance, the Port of Rotterdam or Schiphol Airport, although all goods crossing the border are subject to customs supervision. Customs formalities will be reintroduced on 29 March 2019 and Customs will be required to check goods entering and leaving the Netherlands. If agreement is reached on a transition period to the end of 2020, the UK will remain a member of the Customs Union and customs formalities will provisionally be reintroduced. There will then be only a limited increase in Customs' workload. It will need to explain, for example, how the transition period will affect businesses.

1.2 What have we audited?

The government is preparing for the consequences of Brexit. Our audit looked at the progress made as at 31 July 2018. We first considered the organisation of the Brexit preparations in the Netherlands and then looked at the potential financial and economic consequences of Brexit. The business sector, especially companies that trade with the UK, will also be affected by Brexit. They will not only suffer economic consequences but also be subject to new customs formalities. We therefore carried out a more detailed examination of Customs' Brexit preparations.

We closed the audit by asking how parliament had been informed of the Brexit preparations. The House of Representatives can influence the EU's Brexit negotiations only if it receives the necessary information from the government.

Our audit was confined to these issues. Other issues, such as the consequences for security, aviation and fisheries, fell outside our audit scope.

The issues covered by our audit will in any event be affected by Brexit. They and the issues we did not audit are shown in Table 1.⁹

**Table 1** Issues covered by the Brexit audit (marked), Netherlands Court of Audit

Ministry involved in Brexit negotiations	Issue / relevance	Organisations affected
General Affairs (AZ)	Overall situation	
Interior and Kingdom Relations (BZK)	Internal security, travel documents, residence permits, etc.	National Office for Identity Data, Association of Netherlands Municipalities (VNG)
Foreign Affairs (BZ)	Negotiations in Brussels, hosting coordination units, Common Foreign and Security Policy	Netherlands Permanent Representative to the EU (Brussels), Brexit Taskforce, Contingency and Preparedness Coordination unit (CECP)
Foreign Trade and Development Cooperation (BHOS)	Foreign economic relations, trade policy	
Economic Affairs and Climate Policy (EZK)	National economic relations, trade, economic consequences of Brexit for businesses and consumers	Bureau for Economic Policy Analysis (CPB), Statistics Netherlands (CBS), Netherlands Enterprise Agency (RVO.nl) (incl. Netherlands Foreign Investment Agency (NFIA)), Chamber of Commerce
Finance (FIN)	Direct financial consequences, collection of import duties	E.g. Customs (part of the Tax and Customs Administration)
Infrastructure and Water Management (I&W)	Aviation, road transport licences, environment, international train connections	Human Environment and Transport Inspectorate (ILT), Coast Guard, Netherlands Vehicle Authority (RDW), Rijkswaterstaat
Agriculture, Nature and Food Quality (LNV)	Food safety and fisheries	Netherlands Food and Consumer Product Safety Authority (NVWA), Quality Control Bureau (KCB), Horticulture Inspectorate, Flower Bulb Inspection Service (BKD), Controlling Authority for Milk and Milk products (COKZ)
Justice and Security (J&V)	Internal and external security, residency rights	Immigration and Naturalisation Service (IND), Royal Military and Border Police (Kmar), Aliens Police, Public Prosecution Service (OM), Fiscal Information and Investigation Service (FIOD)
Health, Welfare and Sport (VWS)	Pharmaceutical products, medical aids, health insurance, relocation of European Medicines Agency (EMA)	



Ministry involved in Brexit negotiations	Issue / relevance	Organisations affected
Education, Culture and Science (OCW)	Student financing, university fees, professional qualifications, academic cooperation	DUO
Defence	Security	Royal Military and Border Police (Kmar)
Social Affairs and Employment (SZW)	Civil rights, social security, access to the labour market	Employee Insurance Agency (UWV), Social Insurance Bank (SVB)

1.3 Disclaimer

This audit was completed on 31 July 2018. It was not known at the time whether the EU and the UK would reach agreement on the UK's withdrawal from the EU or what the framework for their future relationship would entail. There is therefore a great deal of uncertainty for both the government and the business sector. The Brexit preparations are surrounded by doubt and are being made against the clock. The findings presented in this report should be seen in the light of 31 July 2019.

1.4 Structure of this report

The following chapters present the audit findings: the organisation of the Brexit preparations in chapter 2, the potential financial and economic consequences in chapter 3, the impact of Brexit on Customs in chapter 4 and the audit findings in chapter 5. Chapter 6 contains the government's response to the audit and our afterword.



2 Organisation of Brexit preparations in the Netherlands

2.1 Findings

The Netherlands has established a dedicated government-wide internal organisation to prepare for Brexit. It is tied to the organisational structure in place in Brussels for the negotiations at EU level. To put the Netherlands' national interests first, all ministries are represented in the internal organisation. The Netherlands adopted its position for the Brussels negotiations in early 2017 and has consistently indicated how it would prepare for the Brexit consequences ever since.

2.2 Internal organisation for Brexit preparations

Organisation of the Netherlands' position in the negotiations

Ministers prepare political decisions on Brexit and the Netherlands' Brexit position in the European Affairs Committee (REA)¹⁰ before the government takes a decision in the cabinet. The prime minister and the Minister of Foreign Affairs (BZ) formally authorise the Netherlands' position on Brexit. In practice, authorisation is delegated to the Directorate-General for European Cooperation (DGES).

DGES coordinates the Netherlands' negotiating position in European decision-making. It is also the link between the ministries and the Netherlands' Permanent Representative to the EU. The government uses this organisational structure to decide the Netherlands' position in the Brexit negotiations. The main points of the internal organisation in the Netherlands are shown in figure 4.



The government's organisation of the Brexit negotiations in the Netherlands

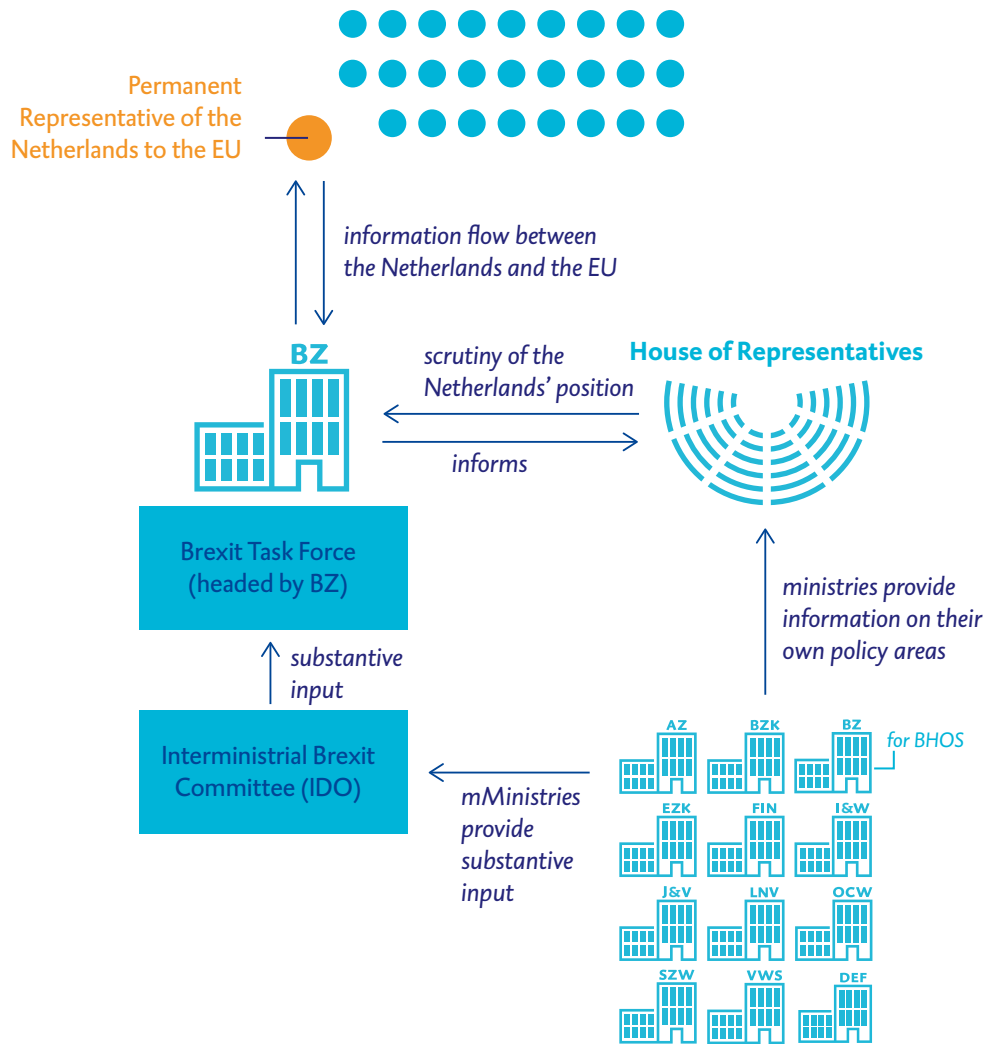


Figure 4 The Netherlands' organisation of the Brexit preparations. (Source: Netherlands Court of Audit)

An Interministerial Brexit Committee (IDO) was set up in 2016. It is made up of the Brexit coordinators at the ministries, the Permanent Representative and representatives of the Dutch embassy in London. A coordinating body known as the interministerial Brexit Taskforce (TFB) has gradually evolved. The TFB is headed by DGES¹¹ and is involved in the tripartite Brussels consultations.¹² In practice, the Netherlands' position in the Brexit negotiations is conveyed through the de TFB. The Minister of BZ and the prime minister



Executive summary	1	2	3	4	5	6	Appendix
-------------------	---	---	---	---	---	---	----------

inform the House of Representatives of the Brexit negotiations with the assistance of the TFB.

The TFB coordinates the activities necessary for the Brexit preparations but the ministries remain responsible for their own policy areas. The ministries' priorities and focus points, such as trade and security, are discussed and agreed upon in the TFB (and other consultative bodies). The TFB's external communications reflect the common interest.

Preparations for the post-Brexit situation

The Netherlands' preparations for Brexit, when the UK leaves the EU on 29 March 2019, cover a wide range of issues, including trade, security, healthcare and research. The Minister of Foreign Affairs is coordinating the preparations in cooperation with the Minister for Foreign Trade and Development Cooperation (BHOS); the other ministers remain responsible for policy implementation in their own policy fields.¹³ Preparations for the post-Brexit era are organised through the Contingency and Preparedness Coordination Unit (CECP), which was set up in 2018.¹⁴ The CECP coordinates public-private cooperation on behalf of central government. With the Confederation of Netherlands Industry and Employers (VNO-NCW), for instance, it coordinates the chain of actors responsible for goods handling at the ports. Scenarios have not yet been prepared of exactly what must be done after 29 March 2019 in each of the various Brexit scenarios.¹⁵

2.3 Negotiation and preparation principles in the Netherlands

The Netherlands' position in the Brexit negotiations has been determined by various principles since early 2017:

- Dutch trade interests must be protected;
- the UK must settle all its outstanding obligations when it leaves the EU. The government's preferred financial arrangement¹⁶ with the UK does not require other member states having to make higher contributions to the EU budget in 2019-2020 as a result of Brexit;¹⁷
- the future trade relationship between the EU and the UK can be cast in the form of a free trade agreement;
- the EU and the UK must also make agreements in other areas, such as financial services, research, and cooperation in the fields of justice and home affairs and the common security and defence policy.





The government has acknowledged since 2017 that the negotiations might not result in a comprehensive withdrawal agreement or an agreement on the future relationship. The following points are relevant here:

- the outcome of the Brexit negotiations will not become clear until the day the UK finally leaves the EU. The European Affairs Committee concluded on 16 January 2018 that there was a high risk of a cliff edge Brexit and the Netherlands should be prepared for it. On 16 February 2018, the Dutch cabinet proposed that budget funds should be released for Customs and the NVWA to prepare for Brexit. This budget amendment was recognised in the 2018 Spring Memorandum and in the first additional budget submitted to parliament for 2018.
- the cabinet is informing private businesses, advising entrepreneurs and has launched an awareness campaign.¹⁸ Stakeholder meetings have also been held, such as the Catshuis Brexit session on 12 February 2018. But that, according to the cabinet, is where the government's responsibility ends. Individual businesses must make their own preparations for Brexit in anticipation of the forthcoming changes.¹⁹



Executive summary	1	2	3	4	5	6	Appendixes
-------------------	---	---	---	---	---	---	------------

3 Financial and economic consequences of Brexit for the Netherlands

3.1 Findings

The government has quantified most of the potential direct financial consequences of Brexit for the Netherlands. In the worst case scenario of a cliff edge Brexit, the direct financial cost would be approximately €2.3 billion in the period 2018–2023, not including the impact on the new Multiannual Financial Framework. The Dutch budget for 2019 makes no allowance for the financial cost but funds have been earmarked for government agencies to prepare for Brexit. Quantitative information is not available on the indirect financial consequences for the Netherlands, such as lower tax revenues if trade declines.

Our audit found that the ministers of EZK, BZ and for BHOS had analysed the economic risks of Brexit for various sectors of the Dutch business sector. A great deal was being invested in preparations to prevent unforeseen contingencies and serious disruptions in the run up to 29 March 2019.²⁰ The government is involving the business sector in these preparations and informing businesses of their own responsibilities.

The government has had detailed information on the potential direct consequences of Brexit for the Netherlands and the risks facing various economic sectors since 2016. Parliament receives public and confidential documents and oral briefings on the main points of the Brexit preparations.

3.2 Potential financial consequences of Brexit

Brexit can have four kinds of direct financial consequences for the Netherlands:

- consequences for the Dutch contribution to the EU for 2019–2020;
- consequences for the EU's Multiannual Financial Framework (MFF) for 2021–2027;
- costs to Dutch ministries and government agencies to prepare and implement Brexit measures;
- consequences for the refund of collection costs in 2019 and 2020.²¹

Potential indirect financial consequences for the Netherlands can include the loss of tax revenue owing to the decline in trade with the UK.





The overall picture painted by our audit is shown in figure 5. The figure is explained in the remainder of this section.

Brexit has financial consequences in many areas

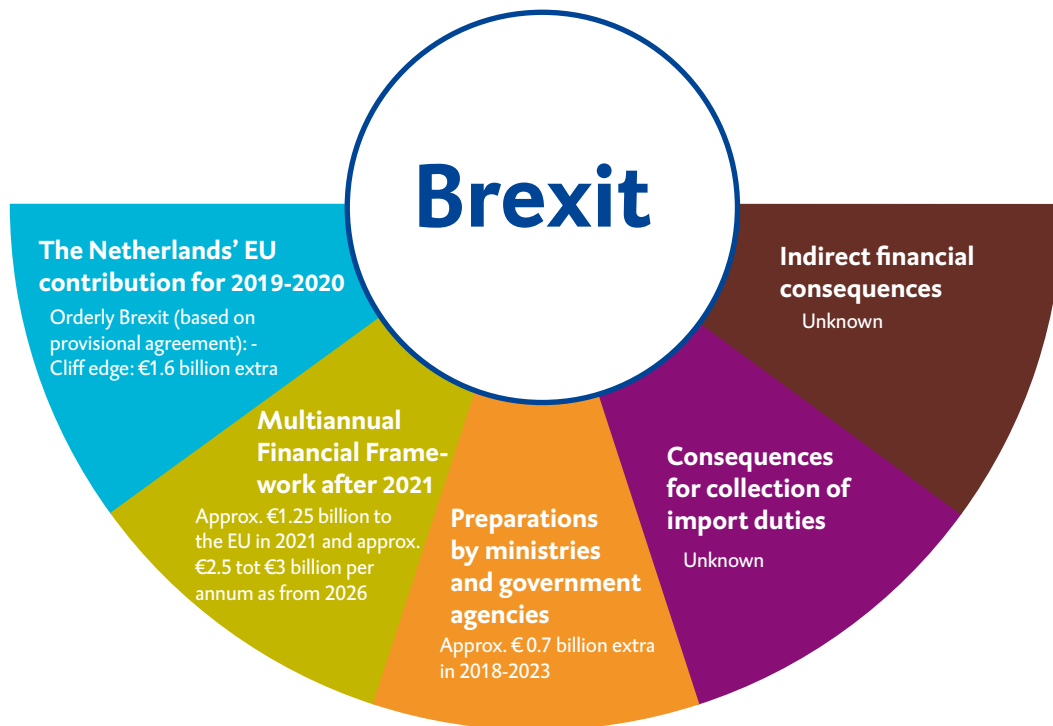


Figure 5 Overall financial consequences of Brexit for the Netherlands

Potential consequences for the Dutch contribution to the EU in 2019–2020

The main objective of the first phase of the Brexit negotiations was to agree the financial settlement. The financial settlement is the ‘divorce bill’ the UK must pay when it leaves the EU.²² A provisional agreement reached on 8 December 2017²³ does not state how much the final settlement will be,²⁴ but it does state that the UK will continue to pay into the EU budget during the current 2014–2020 MFF. Furthermore, the UK will also pay its share of the outstanding commitments for the 2014-2020 MFF, the Reste à liquider (RAL) and finally the UK will remain liable for its share of contingent liabilities.²⁵



The Ministry of Finance has calculated the potential direct financial consequences of Brexit for the Netherlands in two scenarios: a cliff edge Brexit without an agreement and without a transition period, and an orderly Brexit with a financial settlement as described above and a transition period to the end of 2020.²⁶ In the latter scenario, there will be *no direct financial consequences* for the Netherlands before the end of 2020. The current agreement, however, is provisional. Should the UK leave the EU with a cliff edge or other agreement, there might be no agreement on the financial settlement. In that case, the other EU member states would have to assume the UK's outstanding financial commitments for the current MFF. This scenario would have the following consequences for the Netherlands:

- like the other EU member states, it would have to find compensation for the loss of the UK's net contribution to the EU for 2019 and 2020.²⁷ The Netherlands' contribution would be based on a fixed EU contribution ratio of 5.5%;
- like the other EU member states, it would also have to compensate for the loss of the UK's share of the RAL for the 2014-2020 MFF. Again, its share would be calculated by means of a fixed contribution ratio.

Another consequence for the Netherlands is linked to the UK budget rebate. The Netherlands and several other member states enjoy certain reductions²⁸ in their contribution, one of them is based on the UK rebate. If Brexit becomes a cliff edge withdrawal and the UK no longer receives its rebate, it is virtually certain that the Netherlands will not receive the associated reduction in its contributions for 2019 and 2020.

Table 2 presents the Ministry of Finance's estimates of the direct financial consequences of a cliff edge Brexit for the Netherlands.

Table 2 *Risks to the Netherlands relating to the 2014-2020 MFF of a cliff edge Brexit (in billions of euros)*

Component	2019	2020	Total
Compensation for loss of UK net contribution ²⁹	0.5	0.7	1.2
Loss of Dutch reduction owing to loss of UK rebate	0.2	0.2	0.4
Total	0.7	0.9	1.6

Source: Internal figures, Ministry of Finance (as at 18 December 2017).

If the UK does not contribute to the EU budget, internal calculations by the Ministry of Finance indicate that the total cost to the Netherlands would amount to €1.6 billion.³⁰



A further payment would follow in 2021, under the 2021–2027 MFF, to compensate for the loss of the UK's share of the RAL for the 2014–2020 MFF. This payment is estimated at €0.5 billion. The total direct financial consequence will be higher, as explained in the section on the preparations of Dutch ministries and government agencies since 2017.

Multiannual Financial Framework for 2021–2027

The government has set a baseline for the Netherlands' contribution to the EU after 2021. It assumes that the contribution *without Brexit* will increase from €8.3 billion in 2021 to about €10 billion in 2027.³¹ *With Brexit* the Netherlands, like the other EU member states, will have to make a higher contribution, even if there is no increase in the EU budget. Following Brexit and the loss of the UK as one of the net contributors, 27 member states will be responsible for the EU budget rather than 28. Furthermore, the Netherlands will probably lose its current contribution reduction.

The Ministers of Foreign Affairs and Finance sent the government's assessment of the European Commission's proposals for the new MFF to the House of Representatives on 1 June 2018. It states that a transitional measure has been proposed to replace the current reductions.³² The measure entails a lump sum reduction of €1.5 billion in 2020 that will be phased out in five steps between 2020 and 2026. The proposal also includes a reduction in the costs refunded for the collection of import duties from 20% to 10%. The government's initial estimate is that the Netherlands' contribution to the EU in 2021 will be approximately €1.25 billion higher than the baseline. After 2026, the Netherlands' annual contribution will be approximately €2.5 to €3 billion higher.³³ In the calculation of the additional EU-contribution of €1,25 billion, the government does not take a financial settlement with the UK into account. In the case there is a financial settlement, the UK will in the years after Brexit have to contribute to the payments that stem from the 2014–2020 MFF, such as in 2021 the RAL of €0,5 billion. According to the Ministry of Finance, in sum this will lead to lower EU-contributions for the Netherlands.

Preparations by ministries and government agencies since 2017

The Ministry of Foreign Affairs was awarded funding for the TFB in 2017. The budgets of the Ministries of VWS and EZK were also amended at the same time to allow for Brexit-related activities.³⁴ A total of €18.3 million was provided in the 2017 Spring Memorandum: €8 million for the Ministry of Foreign Affairs, €2.2 million for the Ministry of EZK and €8.1 million for the Ministry of VWS.



The European Affairs Committee decided on 16 January 2018 that the Netherlands should also prepare for a cliff edge Brexit. The cabinet subsequently decided on 16 February 2018 to release additional funds immediately to strengthen Customs and the NVWA (including other agriculture inspection services).³⁵ The 2018 Spring Memorandum also released funds for the Brexit-related budget chapters of the Ministries of J&V and VWS. These ministries must bring their expenditure into line with their budgets. In total, the cabinet has reserved €651.4 million for Brexit preparations in the period 2018–2023.³⁶ Table 3 shows the breakdown by ministry.

Table 3 Amounts allocated in the 2018 Spring Memorandum in anticipation of Brexit (in millions of euros)

Ministry	2018	2019	2020	2021	2022	2023	Total 2018–2023
Finance (for Customs)	19.4	69.5	77.1	77.3	78.1	78.1	399.5
EZK/LNV (for NVWA)	14.6	22.2	24.0	23.7	23.7	23.7	131.9
Justice & Security	4	24	27	18	18	18	109
VWS	1	2	2	2	2	2	11
Total	39	117.7	130.1	121	121.8	121.8	651.4

Source: Internal assessment by the Ministry of Finance of ministry budget claims in the 2018 Spring Memorandum.

Consequences for Customs' collection of import duties in 2019–2020

The EU's budget is funded principally by means of contributions from the member states. One source of the funding is import duties collected by the customs authorities. The member states receive a refund from the EU to cover the cost of collecting the import duties (currently equal to 20% of the duties collected). If Brexit triggers a change in trade volumes (for example, if trade with the UK increases) the import duties collected by Customs will also change and so will the refund for collection costs. Since the refund flows into the Dutch budget, the change will affect public finances. As the Ministries of Finance and BZ and Customs have not calculated the impact of this scenario, the net consequences for public finances are not known.

Indirect financial consequences

We investigated whether the Ministry of EZK and the Ministry of Finance had determined whether the consequences of Brexit would have an impact on the national budget as well as on the Dutch economy and trade, for example in the form of lower revenue due to the loss of corporation tax. The ministries did not have quantitative information on this impact.



Revenue estimates in the Ministry of Finance's draft budget for 2019 (Chapter IX) have not been adjusted in anticipation of Brexit.³⁷ A 2016 study by the CPB³⁸ concluded that the economic cost to the Netherlands could be as high as 1.2% of GDP (approximately €10 billion) by 2030. This is the only figure currently available at the ministries on this matter.

Absorbing setbacks

The Dutch budget makes no allowance for higher contributions to the EU in a cliff edge scenario.³⁹ The government intends to absorb budgetary shocks and risks as and when they occur. Significant increases in the EU contributions on account of Brexit will also be absorbed as and when they occur.⁴⁰ The €651 million allocated to the ministries and government agencies for 2018-2013, however, has already been recognised in the budget and multi-annual projections. The government is not yet taking measures in anticipation of higher contributions to the MFF as from 2021. Every Brexit scenario, however, will probably entail higher costs to the Netherlands.

3.3 Economic risks to business

From the moment the UK voted to leave the EU, the government has been analysing the business sectors that are the most vulnerable to Brexit. The analyses have been prepared by the Minister of EZ⁴¹ in collaboration with the Ministers of BZ (BHOS) and Finance. The analyses are based on figures produced by the CBS and CPB and the ministries' own analyses. The Minister of EZ's analyses considered three factors: the added value generated by exports to the UK, the increase in trading costs and the trade elasticity (how strongly trade increases or decreases when prices fall or rise). At the beginning of 2017, the minister concluded that the food, drinks and chemical industries would probably be affected more by a cliff edge Brexit than any other business sectors. In an update a year later (February 2018), the Minister of EZK concluded that the service sectors were economically more important than originally thought in 2017. They include holding companies, management consultancies, IT service providers, temporary employment agencies and logistics service providers. Agriculture, oil and gas production, the food industry and the chemical industry are important on account of their size and regulation and the possible increase in trading costs.

The cost of Brexit to industry

Two studies have looked at the cost of Brexit to various industries. The 2016 CPB study mentioned above considered the long-term impact of Brexit. It found that the added value



Executive summary	1	2	3	4	5	6	Appendixes
-------------------	---	---	---	---	---	---	------------

of production would probably decline the most in the food processing, chemical, rubber and plastic industries, the government sector and public services (see figure 6).

A detailed audit carried out at the request of the Ministers of EZK and LNV in January 2018 found that the projected cost increase could be particularly high in the meat sector and the cut flower sector,⁴² on account of the heavier administrative burden (customs formalities) and higher safety, certification and other costs to gain access to the market.



Projected change in added value of production in 2030

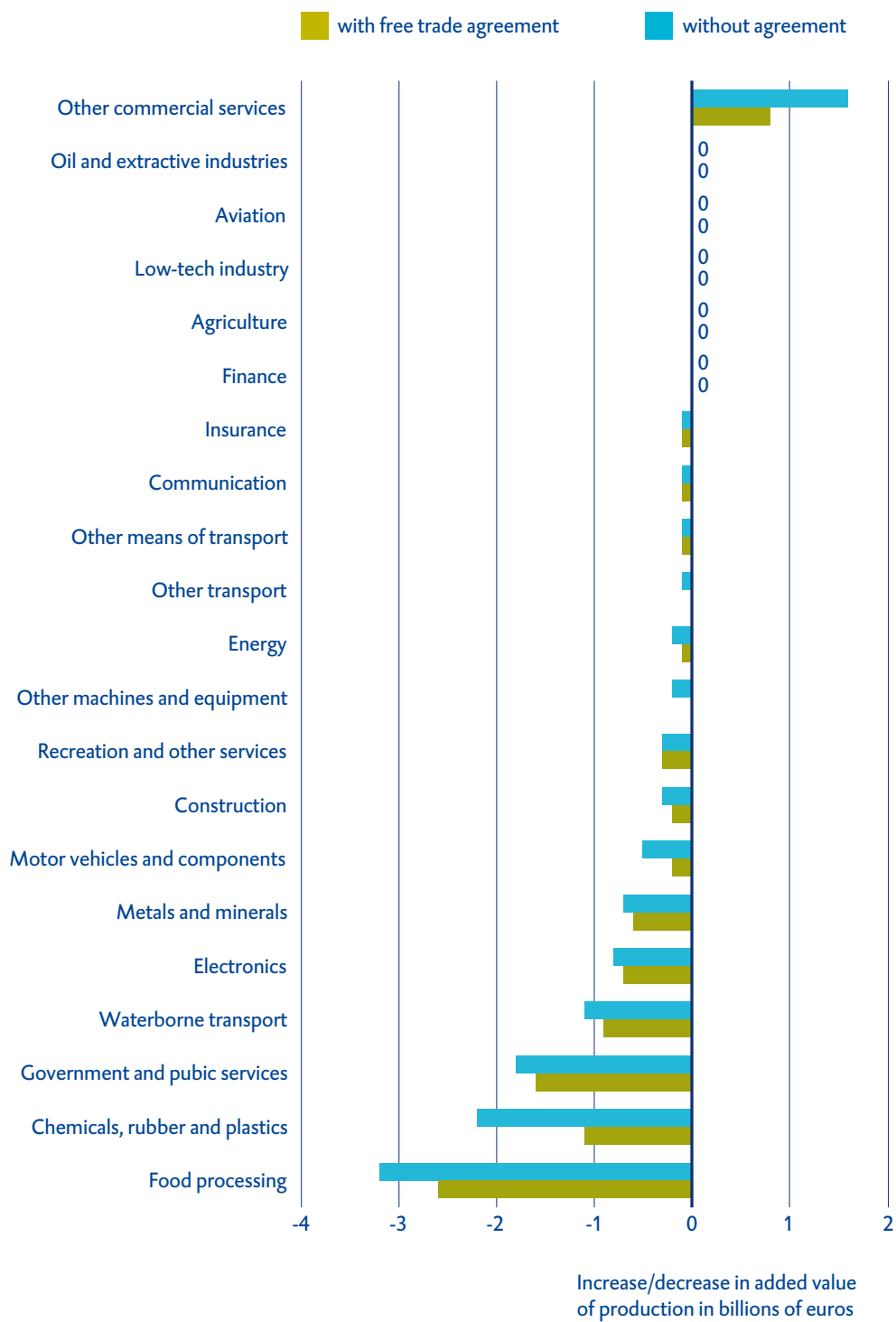


Figure 6 Impact of Brexit on the added value of production by industry⁴³



Qualitative risk analyses

The Ministers of EZ/EZK and BZ have carried out a large number of detailed qualitative risk estimates for internal use as well as quantitative analyses since 2016. The estimates consider the impact of Brexit on a wide range of issues, including state aid, competition and foreign investment. Factsheets and files have been prepared regarding the legal, economic and political implications. The qualitative estimates do not specifically consider the outcomes of the quantitative analyses but they do consider important issues that cannot be expressed in figures, such as plant breeders' rights and the significance of fisheries to the Netherlands. The estimates indicate that there may be several serious disruptions in the near future, for example regarding the market access of livestock (cattle and pets) and perishable products, goods transported by road, and aviation rights (including landing rights).

Position on international agreements

The government is using the Brexit risk analyses in order to take measures that minimise the adverse consequences of Brexit for the Dutch economy and trade. Ever since the UK announced its intention to leave the EU, the Minister of EZ has stressed the economic importance to the Netherlands of timely arrangements for a new trade relationship, preferably with minimal trade barriers and a level playing field between the UK and the EU.

3.4 Preparations by the business sector for Brexit

The government has been urging businesses and government agencies to prepare for Brexit since 2016. The Ministers of EZK and BZ, for example, have been involved in meetings with representatives of industry, agriculture, trade unions and other organisations to inform the government of the potential economic impact of Brexit and the priorities for a future trade relationship between the UK and the EU. The government is incorporating the discussions in its own preparations. The Netherlands Permanent Representative to the EU and the Confederation of Netherlands Industry and Employers (VNO-NCW) have also organised meetings with stakeholders in large and small enterprises, trade associations and NGOs to share their experiences.

Public information

The government believes Dutch businesses themselves are responsible for preparing for a cliff edge Brexit. The government is deploying a variety of instruments to facilitate the preparations. They include public information campaigns, knowledge-sharing activities, seminars in conjunction with VNO-NCW and the Chamber of Commerce, online information provided through the Brexit Desk Netherlands Enterprise Agency and the Chamber of



Commerce, the Brexit Impact Scan to map out the impact of Brexit on business and Brexit Vouchers that entrepreneurs can use to obtain expert advice.

Little interest from the business sector

Despite the government's efforts, the business sector has not yet shown a great deal of interest in Brexit. A survey of 450 businesses that trade with the UK found that only 10% were actively preparing for Brexit⁴⁴ and few visitors to the Brexit Desk actually asked questions.⁴⁵ Internal information suggests that the Ministers of EZK and BZ intend to step up their communication with the business sector and concentrate more on SMEs. It also indicates that the government is planning to hold a preparedness exercise in autumn 2018. The exercise will centre on how businesses can or must deal with problems on Brexit day.

Brexit opportunities

The government is not ignoring the opportunities that Brexit will offer. The Netherlands Foreign Investment Agency (NFIA) is assisting foreign companies that want to start operating in the country. The NFIA reports that 18 companies relocated to the Netherlands in 2017 on account of Brexit. According to the NFIA, they are good for 483 jobs and have invested €19 million in the economy.⁴⁶ These figures do not include the relocation of the European Medicines Agencies (EMA) to Amsterdam.

3.5 Information provided to parliament on the economic and financial consequences

Public letters

The European Commission and the Dutch government have not yet announced how much the final Brexit settlement will be. Talks with officials at the Ministry of Finance revealed that the government had not written to inform parliament of the final amount because it was not yet known. The exact amount will depend in part on the implementation of the current budget. The ministers concerned have informed parliament by letter of the direct financial consequences of Brexit for the Netherlands.⁴⁷ The letters tend to contain general information rather than concrete figures on the financial risks and the maximum and minimum amounts. The internal memoranda prepared by the Ministry of Finance underlying the letters do contain concrete figures on the potential consequences for the Netherlands' EU contributions until the end of 2020 in a number of scenarios.



Executive summary	1	2	3	4	5	6	Appendix
-------------------	---	---	---	---	---	---	----------

The government informs parliament of the scale of Brexit’s macroeconomic impact, i.e. the indirect impact on imports and exports, investments, longer-term GDP, etc. It has not informed parliament of its qualitative analyses. The factsheets and files compiled by civil service working groups provide information on agreements made for each sector that will be relevant to the new relationship with the UK. The government considers them to be commercially sensitive. They were compiled for internal discussion and to prepare for decision-making.⁴⁸

The government also informs parliament of the measures taken to prepare trade and industry for Brexit and the creation of new opportunities. It also reports on the risks to the ministries due to, for instance, lack of commitment by some businesses.

Other information

In addition to public letters, parliament has received confidential agendas for the Brexit negotiations, including the European Council’s negotiating documents. These are circulated as documents limités.⁴⁹ Between the end of 2016 and mid-2018, moreover, several confidential presentations were organised to inform the House of Representatives of Brexit. The Senate was informed by means of a presentation in June 2018. The government provided no further information or concrete figures on the financial consequences during the presentations. Nevertheless, parliament may have received more concrete information orally. Our audit could not verify this as minutes had not been kept.





4 Impact of Brexit on Customs

4.1 Findings

Customs has been taking measures in anticipation of Brexit since 2016.⁵⁰ In early 2018, it was allocated additional budget funds. Customs can not be fully prepared for a cliff edge Brexit on 29 March 2019.

The additional budget was recognised in the 2018 Spring Memorandum. Customs began recruiting new personnel and allocating the funds at the beginning of 2018. Customs must carry out further studies of the precise consequences of Brexit regarding ferry services to and from the UK (new Customs locations) and for its premises. Furthermore, it still needs time to make and implement decisions. Customs must therefore set priorities for its current capacity and enforcement tasks. This can have consequences for Customs' performance of its various tasks. Its performance after 29 March 2019, moreover, will also be determined by the preparations made by businesses at home and abroad, the EU's enforcement policy and changes in trading patterns.

The House of Representatives is informed of Customs' Brexit preparations in general terms. It has not been informed of the risks and consequences if Customs is not ready on time and has to make enforcement choices.

4.2 Position of Customs

Customs' organisation, tasks and responsibilities

Customs is an enforcement agency that oversees the movement of goods entering or leaving the EU (including goods that people carry with them). It oversees imports into the EU, exports from the EU and goods in transit through the EU. The Dutch Customs checks between 25% and 30% of all imports entering the EU every year. It does so at a variety of locations, such as the ports of Rotterdam and Amsterdam and the airports at Schiphol, Eindhoven and Groningen.⁵¹



Customs works at various locations in the Netherlands

○ Customs location

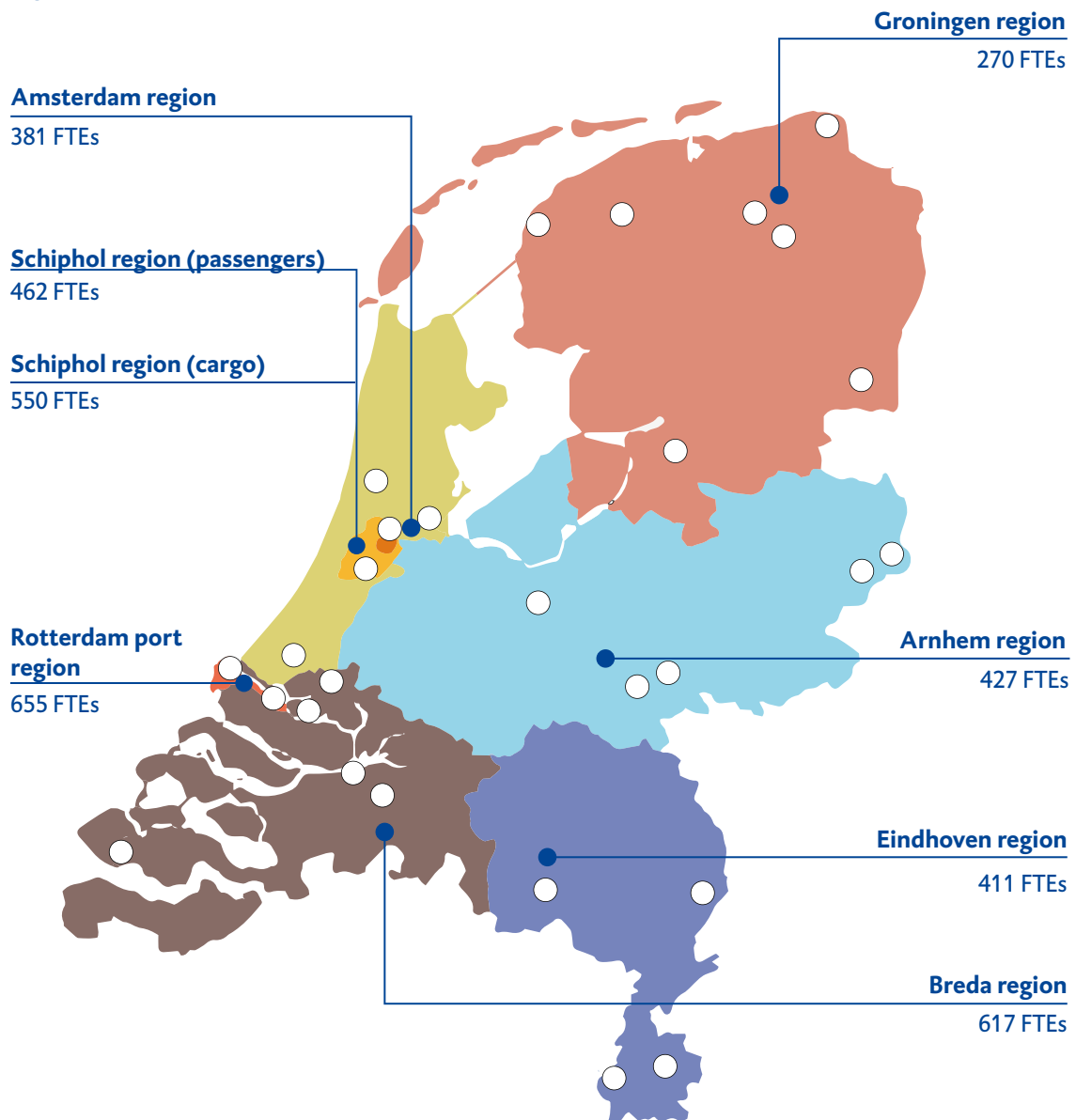


Figure 7 Customs locations, number of FTEs engaged in the primary process⁵²

Customs carries out both fiscal and non-fiscal tasks in accordance with European and national law. Its tasks are laid down in the General Customs Act.⁵³ Successive economy



measures have cut the number of people working at Customs by about 15% over the past ten years.

Customs is part of the Ministry of Finance's Tax and Customs Administration. The Ministry of Finance's Secretary-General is the head of the ministry's civil service and thus the 'owner' of Customs. The Director-General of the Tax and Customs Administration acts as the contractor and is responsible for Customs' performance, and the various ministries (including the Ministry of Finance itself) are Customs' clients.⁵⁴ To strengthen the ministries' role as the contractor and Customs' role as the client, with a clear segregation of duties, the Customs Client Contractor Council (OOD) was set up in 2017.⁵⁵ In it, the ministries decide what Customs must enforce. Customs itself decides how it enforces, identifies the enforcement risks and takes steps to mitigate them.

Customs' task, in brief, is to achieve its 'RPC goals' Promote Remittance, Protect society and strengthen Competitiveness. Customs' tasks are shown in figure 8.

Customs has three tasks: promoting remittance, protecting society and strengthening competitiveness

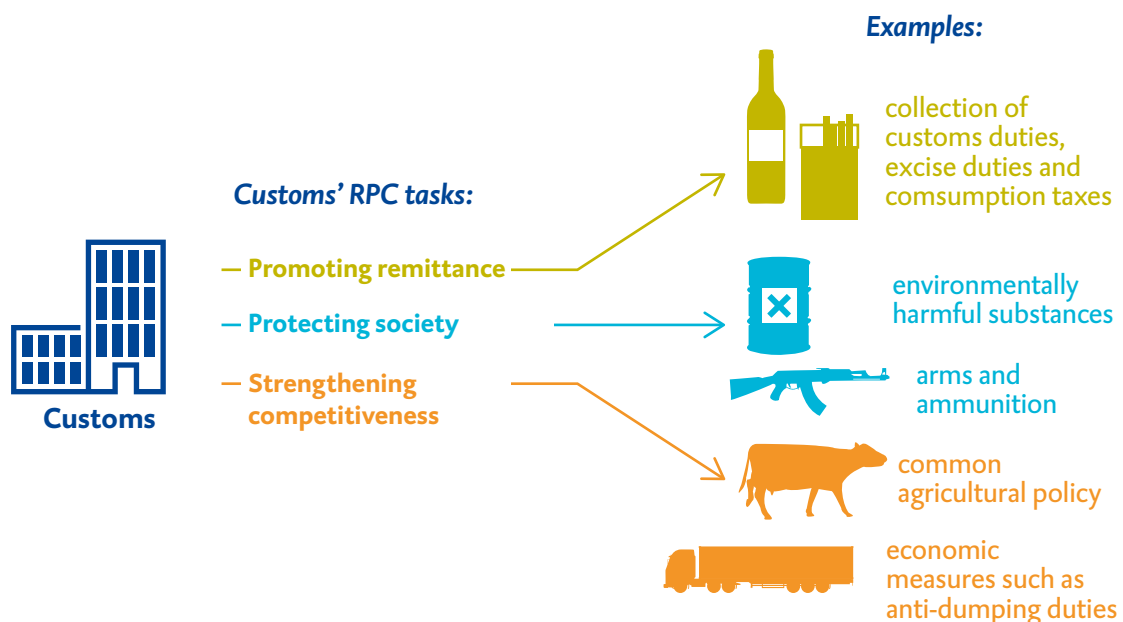


Figure 8 Customs' RPC tasks



Brexit programme organisation

In 2016 and 2017 Customs concentrated on identifying the consequences of Brexit. It concluded that it needed more capacity and therefore more money. It then drew up a business case for a budget claim. In September 2017, Customs' senior management discussed the formation of a Brexit team and a Brexit programme director was appointed on 1 April 2018. The director is supported by a programme office.⁵⁶ Internal information indicates that gaining sufficient capacity for the programme office is a cause for concern. Customs' senior management approved the programme plan on 24 July 2018.

The challenge facing the Brexit programme organisation can be summed up as follows:

- in the short term (no later than 29 March 2019): Customs must be prepared in so far as possible for a cliff edge Brexit. The continuity of its tasks in respect of imports, exports and goods in transit between the EU and the UK must be guaranteed and customs formalities may not cause unnecessary delays;
- in the longer term (three years): Customs will have to carry out more tasks and the nature of its tasks will change. Customs intends to embed these new and different tasks structurally and sustainably in its organisation.

Overall goals have been set for this challenge but not concrete targets that can be used to monitor progress. Customs must adopt its minimum enforcement standard in autumn 2018 and elaborate upon it in its 2019 Enforcement Plan.⁵⁷ If there is a transition period to the end of 2020, the UK will remain a member of the Customs Union. The additional work for Customs in this scenario is expected to be limited. Under the motto 'hope for the best, prepare for the worst', Customs is organising consultative meetings for its regional managers, management teams and coordination groups and various stakeholders. For businesses, it is also organising informative meetings in cooperation with ministries.

4.3 Assessment and allocation of Customs' budget claim

Background to the budget claim: data use

The UK triggered article 50 in March 2017. Customs has been investigating the possible impact of Brexit on its tasks since then. It has found that Brexit will not only affect all customs processes but will also entail new processes and locations, for example enforcement and inspection tasks for ferries sailing to and from the UK.

On the basis of its analyses, Customs then calculated the additional costs and drew up its first budget claim (April 2017). A hard Brexit scenario is worked out in the claim⁵⁸ in which



all customs formalities (laws and rules) have to be applied to trade between the UK and the EU to the same extent as they apply to third countries.⁵⁹ Customs worked out a second scenario in July 2017 based on a trade agreement along the lines of CETA.⁶⁰ The claim was revised again in January 2018. The claims are summarised in figure 9.

Customs has prepared several budget claims

		Claim component	
Characteristics			
2017			
April	CLAIM A: Cliff edge scenario*	800 FTEs	Not known
July	CLAIM B: CETA scenario based on 2016 trading volumes	750 FTEs	€ 63 million structurally
2018			
January	CLAIM C: - Cliff edge scenario based on 2016 trading volumes - CETA scenario based on 2016 trading volumes	928 FTEs 750 FTEs	€ 78 million structurally € 63 million structurally

* Not yet taking into account a number of national tasks and overhead

Figure 9 Customs' budget claims, 2017 – 2018

Claim: availability of funding (as at the end of July 2018)

The cabinet gave Customs the go-ahead to recruit and select new personnel on 16 February 2018. In the 2018 Spring Memorandum, the government released additional funds for Customs to prepare for Brexit. An additional €19 million was released for 2018 (article 1, Tax and Customs Administration). By the end of July 2018, Customs had submitted nearly €4 million in new obligations to the Directorate-General (DG) Taxation to be funded from the €19 million. Customs must submit all new obligations in excess of €100,000 to the DG





Executive summary	1	2	3	4	5	6	Appendix
-------------------	---	---	---	---	---	---	----------

and the Financial and Economic Affairs Department of the Ministry of Finance for approval. The Tax and Customs Administration is subject to enhanced surveillance and Customs accordingly needs more time before it can assume an obligation.⁶¹

Separation of budget articles

Customs' Brexit claim includes expenditure on premises and resources.⁶² That expenditure is currently being met from article 1 of the central government budget, that is from the Tax and Customs Administration's overall budget. A separate budget article will be introduced for Customs in the draft 2019 budget. As from 2019, therefore, part of the budget recognised in article 1 will be transferred to article 9, Customs. It is not yet known how the draft 2019 budget will allocate the budgets to those articles in the years ahead.⁶³ Agreements have also not been made on who will be responsible for budget overruns. The claim includes a number of open items that Customs was unable to calculate when it prepared its claim. They include construction and renovation costs for new and existing premises, additional parking facilities, the furnishing of meeting rooms and additional security at new and current premises. This may lead to an additional claim at the next significant decision point (the 2019 Spring Memorandum).

4.4 Customs' preparations: situation at the end of July 2018

Customs is preparing itself, at the request of the cabinet, for a cliff edge Brexit and has taken steps in four areas: staff recruitment and selection, the ferry process, premises and resources, and IT. Figure 10 shows the current situation in each of these areas.





Customs preparing for four aspects of Brexit but will not be fully prepared by 29 March 2019

























	 Necessary on 29 March 2019	 Situation as at end-July 2018
 Personnel	 928 FTEs recruited and trained	 115 FTEs recruited, training started
 Ferries	 Ferry terminals provided with: - arms and ammunitions rooms - office space - inspection areas - IT connections and infrastructure	 laws and rules identified  exploratory working visits carried out  first impressions of ferry terminals gained
 Premises and resources	 enlargement of existing locations and/or construction of new  acquisition of scanners and detectors	 premises requirements identified  decision in principle taken on two new Customs location  mobile container scanner as of 01/09/2019
 IT (EU/NL)	 adaption of EU systems  adaption of national system  functioning IT for new and existing clients  functioning IT for new and existing FTEs	 EU systems to be adapted, info received from EU  initial insight into steps to be taken  tests still to be carried out

Figure 10 Status of Customs' Brexit preparations in four areas.

Planning and the 2019 Enforcement Plan

Customs has not yet drawn up plans explaining precisely what will happen and when in the run up to 29 March 2019. In general it is therefore difficult to know whether Customs is on schedule or not. The Client Contractor Council (OOD) will discuss the 2019 Enforcement Plan, including its section on the impact of Brexit on Customs, in November 2018. Further post-Brexit demands made on Customs' enforcement capacity by ministers or other clients will have to be considered as and when they are made. For the time being, Customs is not anticipating such demands. In its opinion, it will temporarily carry out fewer checks specifically for the Ministry of Finance after March 2019 but the main risks will still be



covered. New requests by the OOD, according to Customs, will not automatically lead to a revision of the 2019 Enforcement Plan. Situations with a high political or administrative impact may lead to a revision, however, for example, if the European Commission does not agree to Customs temporarily carrying out fewer post-Brexit checks. A new request by the OOD could then lead to a revision of the Enforcement Plan.

4.4.1 Personnel

At the moment, Customs has a staff capacity of about 4,530 FTEs.⁶⁴ It has calculated how many more FTEs will be needed to deal with the consequences of Brexit. Its calculations are based on the volume of trade with the UK (2017 figures) and standard times to work out how long it will need to deal with a new request.

Delays

Recruitment of the first batch of new Customs personnel commenced in early 2018. Problems with the recruitment and selection software in April and May 2018, however, delayed the announcement of vacancies and the applications were processed later than planned.⁶⁵ New Customs staff must first undergo a training course. Course preparations were delayed by lack of capacity, as not enough trainers were available at the Tax and Customs Administration. On the completion of our audit, Customs expected 300 additional FTEs would be available by 29 March 2019, of whom 115 would have completed the training course. Furthermore, the new members of staff will have to be supervised for their first six months as the course they take will be shorter, more theoretical and less practical. This represents an additional workload for the current staff.

The future

Successful completion of the recruitment procedures will add 928 FTEs to Customs' staff. They will be engaged chiefly in administrative work and physical checks. Customs' budget claim makes no allowance for possible changes in trade volumes and trade flows and what they would mean for its staff establishment. Documents on the Brexit preparations also do not explain whether or not Customs has a strategic vision of the future, a future in which robotics and artificial intelligence may influence staff numbers and training.

4.4.2 Ferry process

The 'ferry process' involves Customs' supervision of goods coming from and going to the UK by sea. This will be a new task for Customs at locations where it currently does not have a presence. By way of preparation, Customs first identified the laws and rules that will apply to the ferry process after Brexit. In addition to physical checks it may also have to verify



Executive summary	1	2	3	4	5	6	Appendixes
-------------------	---	---	---	---	---	---	------------

customs declarations and deal with VAT refunds. Customs will therefore have to be physically present at the ferry terminals. Customs has also analysed the situation at the six ferry terminals and now has an understanding of passenger numbers and the types of goods concerned. In brief, there are differences in the size of the ferry companies' terminals, differences in facilities such as inspection and office space and significant differences in the companies' knowledge of customs formalities and customs settlement.

The differences are also accompanied by uncertainties in two areas:

- it is still not clear what investments the ferry companies will make in premises at their terminals. Customs will have to make logistical interventions when goods and passengers (carrying goods) board and leave the ferries (for example by establishing checkpoints where Customs can carry out inspections). Customs is taking stock of the investments that will be needed in premises and in IT connections and IT infrastructure at each ferry terminal and how much of the investments it will have to fund itself;
- the ferry companies are subject to horizontal supervision by Customs and must accordingly apply for Authorised Economic Operator (AEO) status.⁶⁶ It usually takes about a year to be issued with an AEO certificate. Customs has prioritised the applications in anticipation of the European Commission's⁶⁷ willingness to adapt the specific requirements currently made on AEO status. During our audit, two ferry terminals had applied for AEO status; the others had not done so.

Customs has therefore taken measures to prepare for the ferry process. Their success will depend on the ferry companies and other private organisations. They, however, are reluctant to invest in locations and IT and to inform their customers (passengers and shippers) about changes in ferry services to and from the UK until assurances can be given on Brexit.⁶⁸

The next step that has to be taken in Customs' preparations for the ferry process involves the regional offices at the ferry terminals. It involves:

- agreement with ferry companies on how customs activities will be carried out and the investments or adaptations necessary for them;
- agreement with, for example, the Royal Military and Border Police and the NVWA on working methods;
- setting the enforcement level for each ferry terminal;
- deciding on the use of scanners and detection equipment at each ferry terminal.





4.4.3 Premises and resources

The Schengen Treaty of 1985 and the Maastricht Treaty of 1992 (Treaty on the European Union) removed a large number of customs checks and many customs offices were closed as a result. The Tax and Customs Administration has accordingly been disposing of property and reducing the number of its locations. Following Brexit and the UK's withdrawal from the Customs Union, new premises will be needed or existing premises will have to be enlarged to carry out border checks. More arms, uniforms, detection dogs and scanners will also be needed. Customs started identifying its premises and resource requirements in 2017. It has decided to hold a public procurement procedure for the premises. The precise requirements are not yet known. It is not clear, for instance, precisely how the customs process must be carried out at the ferry terminals and it cannot be said with certainty what premises will be needed. According to Customs, the procurement of resources is on schedule apart from the purchase of the mobile container scanner.⁶⁹

4.4.4 IT systems

Customs' IT systems are closely intertwined with those of the Tax and Customs Administration and of organisations that are not part of the Administration. The business sector, for example, also uses Customs' IT systems. The availability of Customs' systems is particularly important for trade and logistics purposes. Customs did not specify IT costs separately in its Brexit claim; they are included mainly in the premises and resources budget (described as workplace furnishings, network connections, equipment).

Brexit has three consequences for Customs' IT systems:

- new staff must be hired and new workplaces must be organised. Customs must purchase IT hardware and connect it at the new workplaces;
- the increase in customs declarations expected after Brexit will make additional demands on the current IT infrastructure and system modifications will be necessary;⁷⁰
- the European Commission's IT systems will also be affected. EU member states use the Commission's systems to share information on the inflow and outflow of goods. The European Commission has analysed the consequences for all its IT systems. One outcome is that messaging with the UK will no longer be possible by means of the current European IT systems after 29 March 2019. Adaptations will have to be made principally in Brussels but the member states will also have to adapt their own systems to ensure, for example, that they recognise the UK as a third country after Brexit.



Executive summary	1	2	3	4	5	6	Appendixes
-------------------	---	---	---	---	---	---	------------

There is still uncertainty about the third consequence: Customs is dependent on the modifications necessary in the EU systems. It is still to be seen what effect Brexit will have on the UK's customs authorities' current and new IT systems.

4.5 Customs' provision of information to parliament

The information Customs provided to parliament between January and March 2018 is concerned mainly with the first step it had taken to prepare for Brexit, its identification of the necessary measures and their cost. It gave the impression that Customs still had to study its capacity and resource requirements. Our audit found that Customs had mapped out the Brexit consequences for its organisation in 2016 and 2017.

Initially, parliament was informed of the number of FTEs Customs would need after Brexit. Letters sent in March and April 2018 provided a firmer picture of the potential consequences of Brexit. Customs describes the situation at the seaports for example, where goods flows could be delayed and goods vehicles on ferries to the UK and passengers on ferries from the UK could suffer serious hold-ups.

Parliament has also been informed of Customs' preparations to recruit, select and train and its personnel, public procurement procedures and premises and IT requirements. This information is general in nature, reference is not made to the precise situation on the ground. Similar general information is provided on the risks and consequences if Customs is not ready on time and has to make enforcement choices.





Executive summary	1	2	3	4	5	6	Appendixes
-------------------	---	---	---	---	---	---	------------

5 Audit findings

Brexit represents a challenge to the Netherlands. The government, public bodies and businesses must prepare for the forthcoming withdrawal of the UK from the European Union in a limited period of time, under pressure and with uncertainties surrounding the progress and results.

Audit findings

The Netherlands Court of Audit has investigated how Brexit preparations have been organised in the Netherlands, what is known about the potential financial and economic consequences for the country and how Customs – the key intermediary between government and business – is preparing itself. Our audit found that the government had been making preparations for the consequences of Brexit for the public and private sectors since 2016. The financial and economic risks to the Netherlands have been largely quantified, with the exception of the indirect financial consequences for the national budget. In the worst case scenario of a cliff edge Brexit, the direct financial cost is approximately €2.3 billion in the period 2018-2023, not including the impact on the new Multiannual Financial Framework.

In the cliff edge scenario, Customs will not be fully prepared for its new and increased workload on 29 March 2019. The 928 additional FTEs that Customs says will be necessary will not have been appointed and trained. With limited capacity, enforcement and inspection choices will have to be made. When this audit was closed, no decision had been taken on the preferred options.

Parliament receives general, not detailed, information by letter and by word of mouth on the Brexit negotiations and the country's preparations for Brexit. The government uses underlying analyses of the indirect impact for internal deliberation and to prepare for decision-making.



Executive summary	1	2	3	4	5	6	Appendixes
-------------------	---	---	---	---	---	---	------------

6 Response of the government and the Court of Audit's afterword

On behalf of the Minister of Finance, the Minister for Foreign Trade and Development Cooperation and the State Secretary for Economic Affairs and Climate Policy, the Minister of Foreign Affairs responded to our report on 3 December 2018. His response is summarised below. We close this chapter with our afterword.

6.1 Response of the government

The minister agreed with our report that the Dutch government had been preparing intensively for the financial and economic consequences of the UK's withdrawal from the EU and its impact on Customs from an early stage and had been taking measures to mitigate them. He noted that the report presented the situation as at 31 July 2018 and that further progress had since been made.

The minister wrote that our conclusion that Customs would not be fully prepared for all potential consequences of a no-deal Brexit on 29 March 2019 was correct in itself. But he thought Customs would have recruited at least 500 FTEs by 29 March 2019 and 300 of them would have been trained and would be fully deployable. Customs would give the highest priority to dealing with the direct consequences of Brexit, such as processing the increased volume of customs declarations. According to the minister, Customs was on course to complete all necessary preparations by 29 March 2019. He acknowledged, though, that despite Customs' best efforts, goods flows might be delayed.

Regarding Brexit's potential financial consequences, the minister observed that the indirect financial impact could not be quantified reliably and fully and it had therefore been decided to describe it in qualitative terms. According to the minister, the economic and budgetary consequences of Brexit would also be determined by the way in which the UK left the EU. The government was assuming in the 2019 Budget Memorandum that there would be an orderly transition period culminating in a free trade agreement. Otherwise, the economic situation could deteriorate and there would be an indirect impact on the budget. According to the minister, longer-term budget policy was directed at absorbing economic shocks by means of automatic stabilisation.





In response to our finding that the direct financial consequences for the budget would amount to €2.3 billion in the worst case scenario, the minister acknowledged that the overall amount was still uncertain and would be determined in part by the size of the EU budget. He also noted that the loss of the UK contribution to the EU budget was being taken into account in the negotiation of the next MFF, but the UK's withdrawal from the EU without an agreement was only one of the factors that would determine the cost of enlarging Customs and other organisations.

The minister agreed that parliament had been informed in general terms about the preparations for Brexit but, he stressed, both houses of parliament were informed as fully as possible without compromising the EU27's negotiating position and without weakening the member states' solidarity. Additional requests from both houses following the receipt of confidential negotiation documents were honoured by means of confidential and technical briefings.

The minister noted that he was closely following the business sector's preparations for the potential consequences of Brexit. A study in June 2018 found, according to the minister, that half the businesses that traded with the UK had already made preparations to one degree or another but the other half had not. The minister shared our concerns and would clearly communicate the need to plan ahead but, he pointed out, businesses themselves were responsible for their own preparations.

Finally, the minister said he was responsible for coordinating interministerial contingency planning. The ministry had set up the CECP partly for this purpose. It coordinated scenario planning among the ministries and shared their experiences of contingency exercises. Crisis manuals were being updated accordingly and contingency teams were being organised in the light of new insights. Plans were being drawn up to hold an interministerial contingency exercise.

6.2 The Court of Audit's afterword

The minister updated some aspects of our report with information on a number of matters that had changed since our reporting date of 31 July 2018. The minister provided the most recent projections of the number of FTEs that Customs would be recruited and trained by 29 March 2019 but he did not provide information on the current status regarding premises, preparations at ferry terminals and the adaptation of IT systems. The Court of Audit assumes that the government will inform parliament about these matters.



Executive summary	1	2	3	4	5	6	Appendixes
-------------------	---	---	---	---	---	---	------------

The minister correctly notes that Customs must set strict priorities and that there may be hold-ups in goods flows. Parliament should therefore receive relevant information on Customs’ risk assessments and on the enforcement tasks it might be unable to perform. The outcomes of the interministerial contingency exercise the minister announced in his response could be used to inform the risk assessments.



Appendixes

- 1 Definitions and abbreviations
- 2 Estimates of the final Brexit settlement
- 3 Audit methodology
- 4 Notes



Appendix 1

Definitions and abbreviations

Definitions

Article 50 process: Process triggered by a member state to leave the EU in accordance with article 50 of the TEU.

Contingency and Preparedness Coordination Unit (CECP): Unit within the Ministry of Foreign Affairs to coordinate the Netherlands' preparations for the consequences of Brexit.

Coreper: "Comité des Représentants Permanents", i.e. the Committee of Permanent Representatives, the member states' ambassadors to the EU.

European Commission: The executive arm of the EU, responsible for day-to-day management of the Union.

European Council: Government leaders and elected heads of state of the member states of the EU.

Financial settlement: The total amount payable by the UK when leaving the EU, the 'divorce bill'.

Multiannual Financial Framework (MFF): Agreement on the main points of the EU's overall budget for a period of seven years.

Office of Budget Responsibility (OBR): Advisory body established by the UK government to provide independent economic analyses as background to the preparation of the UK budget.

General Affairs Council: EU council configuration comprising the ministers of European/foreign affairs.

Working Party on Article 50: Ad hoc working group of the Council of the EU to negotiate regulatory proposals of the EU.

RAL: Resources adopted but not yet paid to beneficiaries, i.e. outstanding commitments, Reste à Liquider in French.

Brexit Task Force: Unit within the Ministry of Foreign Affairs set up to coordinate the provision of information on the Brexit negotiations in Brussels to the other ministries, and vice versa.

Withdrawal agreement: Agreement between the EU and the UK on civil rights, the border between Ireland and Northern Ireland, the financial settlement, etc.

Treasury: The UK ministry of finance.



Abbreviations

GNI	Gross National Income
CECP	Contingency and Preparedness Coordination Unit
CETA	Comprehensive Economic and Trade Agreement (free trade agreement between the EU and its member states and Canada)
CPB	Netherlands Bureau for Economic Policy Analysis
DGES	Directorate-General for European Cooperation of the Ministry of Foreign Affairs
HCEU	EU Affairs Committee at senior civil service level
IDO	Interministerial Brexit Committee (for ministerial Brexit coordination)
IRF	Inspectorate of the Budget (Ministry of Finance)
MCEU	Ministerial Committee for the EU
MFF	Multiannual Financial Framework
NFIA	Netherlands Foreign Investment Agency
NVWA	Netherlands Food and Consumer Product Safety Authority (Ministry of LNV)
OOD	Client Contractor Council
RAL	Reste à liquider (outstanding commitments)
TEA	European Affairs Council
TFB	Task Force Brexit
UK	United Kingdom
TFEU	Treaty on the Functioning of the European Union
WTO	World Trade Organisation



Appendix 2

Estimates of the final Brexit settlement

Various media publications have estimated the amount of the final Brexit settlement. They range from €20 billion to €120 billion.⁷¹

In a recent report by the UK National Audit Office, the UK Treasury put the total settlement at about €40-45 billion.⁷² Its calculation aggregated the UK's outstanding net contribution to the EU for 2019-2020, its net share in the RAL and net contingent liabilities. The UK Office for Budget Responsibility (OBR) using a comparable calculation arrived at €41.4 billion.⁷³

Tabel 4 Calculation of the UK's financial settlement (in billions of euros)

Component	Treasury calculation (mid-2017)	OBR (March 2018)
Net contributions to the EU 2019-2020	€17-18	€18.5
Net share in RAL	€21-23	€20.2
Contingent liabilities	€2-4	€2.7
Total	€40-45	€41.4

Source: National Audit Office (2018); Office for Budget Responsibility (2018).



Appendix 3

Audit methodology

To carry out our audit, we requested information and held interviews at the Ministries of Finance, Foreign Affairs and Economic Affairs and Climate Policy between March and July 2018. The Brexit Task Force (TFB), the Dutch crisis centre for Brexit, is a part of the Ministry of Foreign Affairs. For the purposes of our audit, we were granted access to the TFB's internal information systems. As some of the information is confidential, certain findings in this report are described in only general terms. The same is true of information we received from the Ministries of EZK and Finance and from Customs. We did not independently verify the reliability and validity of the figures used by the ministries.

Customs is part of the Tax and Customs Administration and works under the auspices of the Ministry of Finance. We also requested information and held interviews at Customs and made several working visits to Customs units in the Port of Rotterdam and at Schiphol Airport. We did not independently verify the reliability and validity of the figures presented in Customs' budget claim.



Appendix 4

Notes

- 1 The provisions on a member state's withdrawal from the EU are laid down in article 50 of the Treaty on European Union (TEU). The withdrawal process is also known as the article 50 process.
- 2 The decision must be adopted by a strong qualified majority (72% of the 27 member states in the Council, together representing 65% of the population of the EU27). The decision is adopted by the Council of the European Union in article 50 configuration, i.e. excluding the UK. The UK must approve the agreement in accordance with its own constitutional requirements.
- 3 The European Council can decide, by unanimous vote and with the agreement of the member state concerned, to extend the two-year period. The TEU (article 50 TEU) does not limit the length of the extension or the number of extensions.
- 4 European Council, Special meeting of the European Council (article 50) (29 April 2017), European Council (Art. 50) guidelines following the United Kingdom's notification under Article 50 TEU.
- 5 European Commission (2017), Joint report from the negotiators of the European Union and the United Kingdom Government on progress during phase 1 of negotiations under Article 50 TEU on the United Kingdom's orderly withdrawal from the European Union, TF50 (2017) 19 – Commission to EU 27, 8 December 2017. This text was adapted on 3 December 2018 due to the fact that new information has become available.
- 6 During the transition period, the UK will retain its membership of the Customs Union and the single market.
- 7 In 2017 the Netherlands exported goods and services to the UK worth €61 billion and imported goods and services from the UK worth €43 billion. CBS (2018), Service Statistics.
- 8 This Figure was adapted on 3 December 2018 due to the fact that new information has become available.
- 9 This Figure was adapted on 3 December 2018 due to the fact that new information has become available.
- 10 The European Affairs Committee is made up of the prime minister and all ministers, unless they are unable to attend. The Permanent Representative to the EU is also a member. Before the current Rutte government took office, there had been a temporary Ministerial Committee for the EU (MCEU), which considered the Brexit question. The MCEU was disbanded when the government took office and Brexit has since been considered by the European Affairs Committee.



- 11 The TFB's responsibilities are to coordinate and assist the ministries concerned, to prepare instructions for the Council Working Party on Article 50 in Brussels, to prepare Brexit subjects for the EU Affairs Committee at senior civil service level (HCEU) and the European Affairs Committee (on average once a month), to assist parliament, EU member states and third countries, to maintain contacts with stakeholders and to attend to communications.
- 12 The tripartite consultations involve 1) the prime minister, who sets out the strategy for decisions in the European Council. The European Councils are prepared by Sherpas (EU advisers of heads of state and government); 2) The Permanent Representative to the EU, who is the 'point man' in Brussels. The Permanent Representative is instructed via the TFB by means of the instruction circuit; 3) The Ministry of BZ as coordinator between the ministries and the Permanent Representative in order to decide on the position in the decision-making process in Brussels and to prepare matters in The Hague.
- 13 This text was adapted on 3 December 2018 due to the fact that new information has become available..
- 14 A CECP programme director was appointed at the Ministry of Foreign Affairs on 1 September 2018.
- 15 Standard interministerial and ministerial scenarios for crises can also be used in the case of Brexit.
- 16 House of Representatives, session 2016–2017, 23 987, no. 173, Letter from the Minister of Foreign Affairs to the President of the House of Representatives of the States General, The Hague, 31 March 2017, Membership of the European Union.
- 17 The EU works with seven-year budgets known as Multiannual Financial Frameworks (MFF). The current MFF runs from 2014 to 2020. When the UK leaves the EU in 2019, it will still have financial obligations in respect of part of 2019 and the whole of 2020. Other EU member states must absorb them if a financial settlement is not agreed.
- 18 Such as the Brexit Desk of the Netherlands Enterprise Agency, Ondernemersplein.nl and HulpBijBrexit.nl, a public-private website set up jointly by the government, VNO-NCW and the banks.
- 19 House of Representatives, session 2017–2018, 23 987, no. 225, List of questions and answers, adopted on 22 March 2018, Membership of the European Union.
- 20 In the vocabulary of the preparations on brexit, unforeseen events are referred to as 'contingencies' and major problems as 'disruptions'.
- 21 The EU refunds the costs that member states' customs authorities incur to collect import duties.
- 22 The European Commission set out the essential principles of the financial settlement in a position paper of 29 May 2017: https://ec.europa.eu/commission/publications/position-paper-transmitted-uk-essential-principles-financial-settlement_en.
- 23 European Commission (2017): Joint report from the negotiators of the European Union and the United Kingdom Government on progress during phase 1 of negotiations under Article 50 TEU on the United Kingdom's orderly withdrawal from the European Union, TF50 (2017) 19 – Commission to EU 27, 8 December 2017.



- 24 Several estimates of the amount of the financial settlement are summarised in appendix 2.
- 25 The contingent liabilities include the EU balance of payments assistance programme and the European Financial Stabilisation Mechanism (EFSM). The EU provided emergency assistance to Greece, Ireland and Portugal from the EFSM. The UK has also committed itself to contributing to the capital of the European Investment Bank (EIB), the European Central Bank (ECB), the European Development Fund (EDF) and the Facility for Refugees in Turkey (FRT).
- 26 The Ministry of Finance bases its analyses on Brexit scenarios prepared by the Netherlands Bureau for Economic Policy Analysis and refers to an orderly Brexit or a cliff edge Brexit. The ministry does not use the terms hard or soft Brexit.
- 27 In the 2016 financial year, the UK contributed €12.76 billion to the EU budget and received €7.1 billion.
- 28 The Netherlands also receives a fixed reduction in its GNI-based contribution and pays a lower rate in respect of its VAT-based contribution.
- 29 These amounts are calculated by relating the Netherlands' share in the EU budget (5.5%) to the estimated UK contribution to the EU in 2019 and 2020. The contribution for 2019 would be €0.5 billion and that for 2020 €0.7 billion.
- 30 This number was adapted on 3 December 2018 due to the fact that new information has become available. This new number is being used in Table 2, Figure 5, and our findings and conclusions.
- 31 Letter to the House of Representatives from the Ministers of Foreign Affairs and Finance regarding the government's opinion (assessment) of the proposed EU MFF for 2021-2027, 1 June 2018.
- 32 See the letter to the House of Representatives from the Ministers of Foreign Affairs and Finance regarding the government's opinion (assessment) of the proposed EU MFF for 2021-2027, 1 June 2018.
- 33 The increase in this amount is due chiefly to the phasing out of the proposed lump sum reduction. See the government's assessment of the Commission's proposals for the MFF of 1 June 2018, pp. 4-5.
- 34 The Ministry of VWS received additional budget funding to support, for example, the Netherlands' bid for the EMA; the Ministry of EZK received funding for additional staff at the Netherlands Foreign Investment Agency (NFIA).
- 35 KCB, NAK tuinbouw and COKZ also received funding as well as the NVWA.
- 36 The Ministry of BZ had requested 'general compensation' for the cost of setting up the new Contingency and Preparedness Coordination Unit (CECP) in 2018. This request has not yet been honoured.
- 37 Where ministers themselves are responsible for the revenue side of the budget, they may have to find compensation for reductions in their budgets. Parliament must take account of the actual expected revenues in the decisions it takes during the financial year.
- 38 CPB (2016), Policy Brief 2016/07: The cost of Brexit to the Netherlands due to the loss of trade.



- 39 Other member states, such as Denmark, have done so. See <https://www.bloomberg.com/news/articles/2018-08-30/denmark-s-government-sets-aside-110-million-for-Brexit-costs>
- 40 According to the Ministry of Finance this would agree with the Netherlands' negotiating position, which is based on the UK fulfilling all its obligations. In this scenario, additional budget funds would not be required.
- 41 In this report, we refer to both the Minister of EZK and the Minister of EZ. The current Rutte government has had a Minister of Economic Affairs and Climate Policy (EZK) since 26 October 2017; there had previously been a Minister of Economic Affairs (EZ).
- 42 At least €9.9 million to €27.9 million (0.7% to 1.9% of the import/export value) and €4.4 million to €7.3 million (0.8% to 1.3% of the import/export value) respectively. Source: KPMG (January 2018), Impact of non-tariff trade barriers as a result of Brexit.
- 43 Calculation by the Ministry of EZK based on CPB (2016), Trade effects of Brexit for the Netherlands. CPB Background Document, June 2016. In a WTO scenario, the UK has no access to the single market and trade must be conducted on WTO conditions. In a scenario with a free trade agreement, non-tariff trade barriers would increase by just 6% rather than 13% under the WTO, and goods trade between the EU and the UK would not be subject to tariffs.
- 44 Kantar Public (2017): Brexit: impression and information requirement, 30 November 2017. Management summary, p. 3.
- 45 About 60 out of more than 5,730 visitors (as at the end of June 2018). Source: internal information, Ministry of BZ.
- 46 NFIA (2017). Results 2017. It should be noted that the NFIA recognises an investment project as a result when it has received a signed letter of confirmation from the foreign investor stating the amount to be invested in the project and how many direct jobs it is expected to create in the next three years.
- 47 The most important letters are those from the Minister of BZ of 19 May 2017, Status of Multiannual Financial Framework with consideration for Brexit, and from the Minister of Finance of 11 April 2018, Brexit Risks to Public Finances. Several other letters to the House also contain non-quantitative indications of the government's expectations of Brexit for the Netherlands, such as the government's response to the advisory report entitled Brexit means Brexit issued by the Advisory Council on International Affairs (AIV) in March 2017, the government response of 12 January 2018 to the report of the House Brexit rapporteurs of 16 November 2017, and the letter of June 2018 from the Ministers of BZ and Finance with the government's assessment of the EU 2021-2027 MFF proposals.
- 48 House of Representatives, session 2017–2018, 23 987, no. 225, Membership of the European Union. List of questions and answers, adopted on 22 March 2018, pp. 3-4.
- 49 Documents limités are confidential and are intended only for internal circulation in the Council, the Commission and other EU institutions and bodies. They can also be provided to members of a member state's national government.
- 50 This number was adapted on 3 December 2018 due to the fact that new information has become available..



- 51 The locations are spread throughout the country as goods can be declared for import or export and warehoused anywhere in the country before they are exported or processed.
- 52 The non-primary process, such as staff at the national head office, counts more than 900 FTEs.
- 53 Customs (2017): Brexit Impact on Customs Memorandum, version 20170615.
- 54 The Ministries of Finance, J&V, BZ, VWS, EZK, LNV, I&W and OCW.
- 55 The OOD oversees both Customs' fiscal and non-fiscal tasks.
- 56 A temporary capacity of 11.2 FTEs has been hired directly for the programme.
- 57 The 'minimum variant' will be based on statutory requirements and risk analyses. Customs will set the volume and quality standards for both its health, safety, economic and environmental tasks and its fiscal tasks. This variant will determine Customs'; minimum ambition level for the programme and the expected results.
- 58 Customs based the claim on 2016 trade volumes (later versions were based on 2017 figures), fixed standards for the duration and type of checks, the same enforcement levels for each process and salary standards set by central government. Equipment costs, e.g. for scanners, operating costs and replacement costs were calculated by dividing the cost of their acquisition by their economic life in years. Customs did not take efficiency gains or losses into account or the specific situations at the various locations and under- and overutilization rates.
- 59 This text was adapted on 3 December 2018 due to the fact that new information has become available.
- 60 The main consequence of a trade agreement such as the Comprehensive Economic and Trade Agreement (CETA) is that lower import duties are payable on virtually all preferential goods imported from Canada. Preferential goods imported from the EU into Canada will also enjoy lower import duties. Goods from elsewhere will be subject to WTO tariffs. Duties and VAT, however, are not covered by trade agreements such as CETA. In practice Customs will still have to carry out checks under such a free trade agreement.
- 61 The Tax and Customs Administration has failed to make the necessary improvements in its operational management in recent years. The State Secretary for Finance accordingly decided to place it under enhanced surveillance on 26 October 2016. The Inspectorate of the Budget now takes extra measures to oversee article 1 (Tax and Customs Administration) of the Ministry of Finance's budget (IX).
- 62 Customs classifies staff and non-staff material equipment as 'resources'.
- 63 At the request of the Ministry of Finance, EY issued a report on the cost allocation in January 2018.
- 64 Customs' staff establishment fell by about 830 FTEs in 2007-2017.
- 65 This text was adapted on 3 December 2018 due to the fact that new information has become available.
- 66 Horizontal supervision is In addition to traditional vertical supervision. Under the EU Customs Code, economic operators can be authorised as trustworthy parties subject to conditions regarding their accounting systems and internal control structures and their verifiable design, existence and functioning. Another requirement is that the staff must be adequately trained in customs law. Customs checks compliance with these conditions before issuing the



authorisation. They are then checked once every three years and authorisation can be suspended or withdrawn if the economic operator does not comply with them. The benefits of authorisation include fewer physical checks and simplified customs procedures.

- 67 In this case, DG Taxud (Taxation and Customs Union) of the European Commission.
- 68 Customs depends not only on the ferry companies but also on the private sector Brexit preparations made by both its established and new clients in the Netherlands and abroad. It is therefore taking part in the Brexit information programme for the business sector in the Netherlands (Help with Brexit Plan) together with the Ministries of BZ and EZK and VNO-NCW. Customs is disappointed with the number of businesses taking part. Its concerns about the limited consideration paid to Brexit by the business sector, especially by SMEs, is shared by its counterparts in Belgium and France. Customs is also concerned about the preparations made by businesses abroad for whom the Netherlands is a transit country to the UK.
- 69 The public procurement procedure is taking more time than foreseen and the scanner will not be operational until after 1 September 2019.
- 70 Customs believes a significant proportion of the 35,000 Dutch businesses that currently trade with the UK will need a unique customs number (EORI number).
- 71 Divisions exposed over £66bn Brexit divorce bill: <https://www.theguardian.com/politics/2017/jul/18/EU-talks-divided-over-britains-Brexit-divorce-bill-mooted-at-66bn>, This is the truth about the UK's Brexit-bill – The independent: <http://www.independent.co.uk/voices/Brexit-negotiations-jean-claude-juncker-settlement-bill-a7716026.html>, What do we know about Britain's Brexit divorce bill?: <https://www.theguardian.com/politics/2017/may/03/what-do-we-know-about-britains-Brexit-divorce-bill> FT breakdown: the €100bn Brexit bill: <https://www.ft.com/content/29fc1abc-2fe0-11e7-9555-23ef563ecf9a?mhq5j=e1>
- 72 National Audit Office (2018): Exiting the EU: The financial settlement, House of Commons 946 Session 2017–2019, 20 April 2018. The National Audit Office's report concludes that the Treasury's estimate is reasonable but uncertain in view of unknown future developments. The National Audit Office's own calculations were about €6 billion higher.
- 73 Office for Budget Responsibility (2018): Economic and fiscal outlook – March 2018.

Information

The Netherlands Court of Audit
Communications Department
P.O. Box 20015
2500 EA The Hague
The Netherlands
T: +31-70-342 44 00
E: voorlichting@rekenkamer.nl
I: www.rekenkamer.nl

Translation

Alan Hyde, InTACT

Cover

Design: Corps Ontwerpers
Photo: Hollandse Hoogte / Peter Hilz

The Hague, December 2018

