

MODERNISED CUSTOMS: THE FUNDAMENTAL BUILDING BLOCK OF THE INTERNAL MARKET

Statement by a number of associations taking part in the Trade Contact Group

Public hearing of the European Parliament's Committee on the Internal Market and Consumer Protection - Modernised Customs and Internal Market - 16 June 2011

The Trade Contact Group is a consultative body created by the European Commission to assist, *inter alia*, its work in drafting the Modernised Customs Code Implementing Provisions. It is composed of representatives of the main international associations involved in customs-related activities at the European level. The Trade Contact Group is a forum. It does not have an existence of its own, nor does it have representatives or common positions. However, for the sake of this hearing, a number of the associations represented in the Trade Contact Group have come together to issue this common statement.

MAINTAINING THE ESSENCE OF THE MODERNISED CUSTOMS CODE AS ORIGINALLY AGREED BY EU INSTITUTIONS

EU Member States and the European Parliament have committed to the objective of a single pan-European customs union. Such a vision will provide savings for Member States in the long term and make the EU a more competitive place to do business. In order to fulfil this vision, there must be both consistent support throughout Europe for the objectives of the Modernised Customs Code and investment in the resources that are necessary to develop IT systems and processes that will be suitable for all economic operators, and support true harmonisation.

This requirement for a consistent approach means that attention needs to be directed to two areas of concern, namely the status of Authorised Economic Operator (AEO) and Centralised Clearance.

Obtaining AEO status means that a company is deemed a trusted customs partner. At present AEO offers little to no specific benefits whilst the investment costs (time and resources) are significant. This, in particular, prevents small and medium-sized enterprises (SMEs) from applying and hinders the acceptance of the programme. The Modernised Customs Code Implementing Provisions need to return to the original intention of AEO, namely to offer tangible benefits to a trader based on their levels of compliance and transparency. Otherwise, as is the situation now, companies, especially SMEs, do not consider it worth their while to become an AEO and the whole programme and, in part, Europe's security efforts are compromised.

Centralised Clearance of goods is one of the key elements of the Modernised Customs Code as set out by the European Commission. This facility would enable a company to carry out the process of customs clearance in one Member State, even though the actual shipments are going directly to a destination in another Member State. Currently, companies need to deal with 27 different customs IT systems and processes. Offering businesses the opportunity of dealing with one customs

authority for all their customs transactions offers large cost benefits for them, for customs and ultimately consumers in the EU.

PROMOTING A BETTER CONSULTATION OF STAKEHOLDERS FOR PROPER IMPLEMENTATION

The drafting of the Modernised Customs Code Implementing Provisions has seen considerable delay, partly because of the complex and technical nature of the work. Hundreds of pages of technical provisions need to be examined by traders in order to make sure that they will work in practice. Such complex and important legislation needs careful consideration. Our companies are willing therefore to adapt to delays for the sake of good implementation.

In order to achieve the vision originally set out by the European Commission, there must be a more formal consultation with those businesses most affected by these legislative proposals. The current consultation process needs to be improved and streamlined. Specifically, all position papers and the comments traders submit on the Commission's proposals should be made available to all stakeholders - traders and Member States alike - in a timely manner. Full transparency is essential to a successful implementation of the Modernised Customs Code.

EXISTING CUSTOMS IT SYSTEMS SHOULD NOT DICTATE THE SHAPE OF FUTURE E-CUSTOMS

It is essential that the Modernised Customs Code, and the proposed regulations that implement it, drive the requirements for the new IT systems needed to support implementation, and not, as is now the case, that the limitations of current customs IT systems are used as a reason to write procedures that do not fit with the objectives of the Modernised Customs Code. The fact that the required customs IT systems will not be available at the date when the Modernised Customs Code is to be implemented must not prevent legislation being written with full modernisation in mind.

Conclusion: modernised customs, a necessity for Europe's recovery

As Commissioner Šemeta stated at the 10th Freight Forwarders' Conference on 30 November 2010¹;

“The competitiveness of European traders is paramount to Europe's recovery. Due to the global economic crisis it has become even more important to facilitate trade, cut red tape and cut costs for businesses. If there was ever any doubt, it is clear now that all such initiatives must be taken forward with the utmost urgency.”

The objectives of the Modernised Customs Code are to simplify, modernise and harmonise EU customs systems, systems that are essential for Europe's future competitiveness and growth. This is the vision the European Parliament approved when voting for the Modernised Customs Code and that is the vision that we share.

¹ http://ec.europa.eu/commission_2010-2014/semeta/headlines/speeches/2010/11/speech_3011b.pdf

THE FOLLOWING ORGANISATIONS SUPPORT THIS STATEMENT:



Association of European Airlines



American Chamber of Commerce to the European Union



BUSINESSEUROPE



Confederation of European Community Cigarette Manufacturers



European Chemical Industry Council



Community of European Railway and Infrastructure Companies



European Association for Forwarding, Transport, Logistics and Customs Services



European Association of Automotive Suppliers



Pan-European Confederation of Custom Brokers



DIGITALEUROPE



European Community Association of Ship Brokers and Agents



European Community Shipowners' Associations



European Express Association



European Semiconductor Industry Association



European Shippers' Council



Association of European Chambers of Commerce



Association For Retail, Wholesale And International Trade Interest



European Alliance of customs-related service providers



Federation of European Private Port Operators



Foreign Trade Association



International Air Transport Association



International Road Union



European Ship Suppliers Organization



Schweitzer-Mauduit International, Inc.



World Shipping Council