

Ensure the implementation of a true Modernised Customs Code that has a positive impact on European trade and growth

EEA Position Paper on the implementation of the Modernised Community Customs Code, November 2010

With the approval of the EU Modernised Customs Code (MCC) in 2008 (Regulation (EC) 450/2008), the European Parliament signalled its support for the simplification of EU customs procedures, and the creation of a new pan-European e-customs environment to dramatically increase trade flows and fundamentally improve the effectiveness of Europe's industry.

The regulation agreed to by Members of the European Parliament (MEPs) foresees the adoption of implementing provisions (MCCIP), currently being drafted by the European Commission in collaboration with EU Member States. The European express industry has deep concerns that the current direction of these implementing rules will mean that the underlying objectives of the original regulation will be sacrificed for the sake of political expediency.

The "dilution" of the Modernised Customs Code will harm Europe's global competitiveness

The implementation of the new Customs Code represents a unique opportunity for the EU to create truly harmonised and simplified customs procedures and systems. For example, the "Centralised Clearance" concept, a central pillar of the Modernised Customs Code, would allow EU traders to declare goods electronically and pay their customs duties and VAT at the place where they are established. This is irrespective of the Member State through which the goods are brought in or out.

Unfortunately, many Member States are currently resisting the requirement to implement harmonised customs rules, seeking to maintain control of their own processes and procedures to the extent that centralised clearance will be unrecognisable to what was originally conceived in 2008.

Traders will therefore have to send the required customs clearance information to multiple Member States, creating complexity in business operations and maintaining the current inefficient processes that the MCC was meant to address in the first place. Ultimately this will mean that Europe will miss an opportunity to boost trade and compete on equal terms with its competitors in the global supply chain.

The current deadline for application threatens to lead to a scaled down Modernised Customs Code

The new Code will dictate how traders undertake their customs declarations for future decades and the base regulation sets a deadline of June 2013 for application of the implementing provisions.

The drafting of these provisions has seen significant delay. This means that there is currently a rush to conclude and adopt provisions that in many cases do not reflect the spirit and objectives of the original Regulation. Specifically, the electronic systems and some of the procedures that will be in place at the time of application are being significantly limited in order to meet the deadline.

Financial and budget pressure on Member States is also threatening the creation of the necessary IT infrastructure to support a truly pan-European electronic customs environment. Furthermore, the current deadline will not leave sufficient time for businesses to develop the necessary IT systems to support the new procedures.

Only by extending the deadline for application, will Member States be able to introduce robust supporting systems that allow European industry to truly benefit from the new procedures. Otherwise, the shape of the new Code risks being determined by a need to meet a tight deadline rather than by the potential impact on Europe's growth.

The European Parliament can influence the implementation of the Modernised Customs Code

The European Parliament has a key role to play in ensuring the spirit of the original regulation is not diluted. If the current direction of the implementation and the deadline for application of June 2013 is kept, the new Code risks becoming a "Modernised Customs Compromise" that neither creates a seamless pan-European system nor improves the competitiveness of European importers and exporters.

The European express industry would therefore call on MEPs to:

- ▶ Ensure that the spirit of the Modernised Customs Code is reflected in the implementing provisions adopted by the Commission and Member States.
- ▶ Support the extension of the current deadline for the application of the Modernised Customs Code implementing provisions to 1 January 2016 to ensure that Member States and businesses have enough time to implement fully the Code.

Specifically, the European express industry would encourage MEPs to:

- ▶ Scrutinise the draft implementing provisions (adoption by the relevant Standing Committee expected in early 2011) to ensure that they meet the spirit and objectives of the original regulation.
- ▶ Support a Parliamentary own-initiative report that addresses the status of the Modernised Customs Code implementation and reviews the business consequences of the current implementation date.
- ▶ Table Parliamentary questions on this issue to ensure the spirit of the Modernised Customs Code is being maintained.
- ▶ Support the creation of a special committee in the European Parliament to assess the impact of customs on the economy.

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The express industry provides a fully "integrated" service that accelerates the process of transporting goods across the globe. At the point where express shipments cross international borders, the express industry plays a unique and crucial role. Members of the European Express Association represent over 30% of customs clearances and some of the largest customs brokerage operations in the EU. Not only does the express operator handle the customs clearance of a given shipment, it also looks after the payment of duties and taxes as required by the relevant geographical jurisdiction.