

Ensure the implementation of truly modernised customs that have a positive impact on European trade and growth

EEA Position Paper on Modernised Customs, July 2011

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. In light of the upcoming European Parliament own-initiative report on modernised customs, the European Express Association (EEA) calls on Members of the European Parliament (MEPs) to make sure that the necessary conditions are in place for successful implementation of the MCC.

Modernised Customs will strengthen Europe's economy and its 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. Central to the MCC simplifications are the concepts of Centralised Clearance and Authorised Economic Operator (AEO).

Centralised Clearance 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 still 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 ultimately meant to remove.

AEO status is intended to speed up customs clearance for traders that respect specific criteria of compliance and transparency defined by the European Commission. A company that obtains AEO status is deemed a trusted customs partner. However, the level of time and resources needed to obtain AEO status is currently a strong disincentive for traders to apply for the status, especially for small and medium-sized enterprises (SMEs), particularly as there are no apparent benefits as yet. Aligning the EU AEO certification with C-TPAT, the equivalent of AEO in the US, and with other equivalents worldwide, would bring benefits for trade facilitation.

Postponing the Modernised Customs Code's application is an opportunity for better implementation

It is necessary to delay the MCC implementation in order to ensure the implementing provisions are fully in line with the objectives of the original legislation. Customs operators can only start developing the IT systems and procedures to support the new implementing provisions once there is certainty about their ultimate content. This means that the new MCC implementation deadline should allow for sufficient time for traders to adapt their whole infrastructure and business models to the adopted provisions. The European Commission is currently working towards an "interim solution", to enable an early implementation of the MCC. This will require Member States and business to invest at a later stage in new IT systems and procedures to meet the true objectives of the MCC.

Two elements play a key role in ensuring successful MCC implementation:

- ▶ Legislation should drive IT systems, and not vice versa. The limitations of current IT systems should not prevent the development of future IT systems that fully take into account the technical needs of the MCC provisions.

- ▶ The consultation process in the drafting of the MCC implementing provisions should be improved. Specifically, Member States and traders should be kept informed of the latest stakeholders' comments on the implementing provisions in a timely and transparent manner.

Although a recast of the MCC is necessary to postpone its implementation deadline and adapt the legislation to the Lisbon Treaty, the core content of the MCC should be kept intact.

The commitment to modernised customs must be reaffirmed at all levels

Financial and budgetary pressure on Member States is also threatening the creation of the necessary IT infrastructure to support a truly pan-European electronic customs environment. The fulfilment of the MCC vision remains a top priority as the facilitation of trade it entails can pave the way to a more vibrant European economy.

Future MCC implementation would benefit from the European Parliament and the Member States reaffirming their commitment to the MCC objectives. This commitment needs to be translated not only in a strong political drive, but also in budgetary terms. In future negotiations on the Multiannual Financial Framework, it is paramount that sufficient resources are allocated to the successor of the Customs 2013 programme so that political will can be implemented in practice.

The European express industry hopes that the European Parliament's upcoming own-initiative report on modernised customs will take into account the issues outlined above. Member of the European Parliament have a key role to play in ensuring the spirit of the original MCC 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:

- ▶ Reaffirm their commitment to the objectives and spirit of the Modernised Customs Code
- ▶ Support the extension of the current deadline for the application of the MCC to 1 January 2016 to ensure that Member States have enough time to properly implement the Code and businesses have enough time to comply with it
- ▶ Ensure that there is efficient trade consultation in the drafting process of the implementing provisions
- ▶ Commit to allocating appropriate budget for harmonised implementation of the MCC

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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.