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Cc: Ms. Michele Perolat, Ms. Lina Papamichalopoulou

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Subject: customs – lessons learned from the Covid-19 crisis

Dear Mr Schnichels,

The Covid-19 pandemic continues to have a profound impact on European society, including the efficacy of its borders to enable trade and manage risk. The EU's response to the crisis underscored the importance of internal and external EU cooperation, and the need to avoid raising unnecessary or impractical trade barriers in times of acute difficulty. In partnership with EU and national authorities and stakeholders, the express industry has played a key role in maintaining global supply chains and facilitating the flow of critical goods and services.

In this context, the EEA would like to share its views on the customs lessons learned so far and offer practical recommendations to permanently enhance EU cooperation, strengthen resilience and enable trade.

KEY ISSUES

Facilitating the flow of goods: Significant challenges emerged at the border at the onset of the pandemic, as resources became strained and unilateral trade measures imposed by EU Member States – which were later harmonized – restricted the flow of critical goods and invited retaliation from trade partners. The European Commission's Guidance on Customs, updated several times, was an important tool to guide Member States and businesses. Many of the measures implemented on a temporary basis proved successful in alleviating key concerns – and could be made permanent across the EU.

Essential role of express delivery services: Express operators have played and continue to play an essential role for the continuity of global supply chains and for the door-to-door supply of urgently needed goods such as medical equipment, medicine, and food. Authorities should consider express delivery services as essential services, this will be important to ensure the smoother flow of goods and services in future crisis situations.

The role of e-commerce: The significant expansion of e-commerce in recent years was an integral element that ensured continued access to goods and services during the crisis, in ways that would not have been possible in the past. However, the regulation of e-commerce trade, particularly shipments of low value, is under increasing scrutiny. Managing the transition to this new digital trading environment successfully would enable the EU to respond even more effectively in the future and also open up market opportunities.

CE marking and other requirements: At the height of the crisis, the need for Personal Protective Equipment (PPE) was acute, at the same time in which countries were limiting the import and export of these items. The lack of uniform application by Member States of the practices and requirements of different types of imports, notably those requiring conformity to EU standards such as the CE marking, put additional pressure on supply chains. Inadequate understanding of EU requirements among foreign country shippers, notably from China, also evidenced the need for enhanced third country communication and cooperation.

Impact on other EU projects: Resources rightly continue to be focused on addressing the challenges posed by the pandemic. However, this is impacting on EU timelines for other key projects. While the new VAT rules have been postponed by six months, concerns remain about EU Member State readiness to implement the new rules on time, including the acceptance of customs declarations using the H7 dataset, as well as the necessary IT requirements to ensure the Import One Stop Shop (IOSS) and the Special Arrangement are correctly applied. The increased volumes and ongoing uncertainty caused by Brexit are exacerbating a challenging environment further. Meanwhile, the need to move away from paper-based customs procedures and to a fully electronic customs environment is only increasing, making the completion and full implementation of the UCC and related projects a priority.

RECOMMENDATIONS FROM THE EXPRESS INDUSTRY

1. Making permanent certain customs facilitations covered by EU guidance

- a. **POA waiver for shipments up to €150:** Obtaining Power of Attorney for low-value shipments, which are predominantly for private persons, can be time-consuming for express operators. However, during the crisis, this step became extremely difficult as the possibility to contact our customers was limited. As a result, clearance of these shipments is often delayed. The EU should make permanent this facilitation available for e-commerce shipments under €150 during the pandemic and extend it to all shipments up to €150.
- b. **Accepting copies of proof of origin and other documentation:** The EU should make permanent the possibility that proofs of origin such as the EUR1 and ATR can be accepted as copies. This facilitation could also be extended to other relevant customs documents to ease the flow of goods and move to a new electronic way of working. This transition is already taking place in Switzerland, where a pilot project is in place to cover declarations and associated documents, with originals maintained for control purposes. Unfortunately, in some EU countries, the trend is the opposite. In one Member State, for example, the process of issuing preferential certificates will soon be subject to additional scrutiny, impact on the timing of issue and the flow of these goods.
- c. **Release of partial shipments:** The UCC provides for the possibility to release shipments even if only a part of that shipment arrived, allowing for the sequential release of goods and easing any buildups in the network. The EU should encourage the harmonization of this practice across all EU countries.

2. Making applicable across the EU facilitations introduced by individual Member States, and other facilitations not covered by the EU Guidance:

- a. **Extension of the Electronic Transit Document (ETD) arrangement for road movement between airports:** The enormous reduction in commercial air cargo capacity and destinations throughout the pandemic has caused express operators to switch to more indirect routings or even intermodal transport. Greater operational flexibility to extend the arrangement for road movement between airports/hubs/gateways in the case the air movement is turned into a road transport, would greatly minimize the impact for economic operators. If this is not a permanent solution, it should at least be activated during a crisis response.

- b. Reduced formalities for the expansion of temporary storage facilities and nomination of inland export clearance locations:** This practice was provided for in some Member States during the crisis and greatly assisted express operators who were able to already apply these facilitations before being subject to inspection, which came later. Extension of this practice across the EU to Authorised Economic Operators (AEOs) would greatly facilitate operations and smoothen the process.
- 3. Strengthening EU customs coordination and contingency planning:** While the EU guidance on customs during the crisis provided a valuable framework for customs authorities to facilitate trade, Member States retained the freedom to interpret it as they see fit – creating a patchwork of rules and practices and at times increasing uncertainty. In partnership with national authorities and trade and taking into account the lessons learned, the EU should develop and adopt clear, harmonised contingency plans for customs that can be rapidly triggered in response to future crises. As well as ensuring continuity and predictability, this should also reduce the incentive for restrictive import or export measures on goods such as PPE in crisis scenarios, temporary or otherwise.
- 4. Facilitations not covered by the EU Guidance nor the Union Customs Code:** During the peak of the crisis the European Commission’s Guidance supported Member States and trade to focus attention on the areas where the UCC already provides flexibility. However, we encountered situations where economic operators together with traders needed further customs simplifications beyond the current UCC rules in order to cope with the challenges the pandemic brought. Thus, it is recommended to keep an open dialogue with the European Commission, Member States and Trade to discuss if and how these gaps can be further solved in the future.

CONCLUSION

The express industry has played a key role in enabling trade in Europe during the highly challenging Covid-19 crisis, in close partnership with EU customs authorities. It is important that the lessons learned from this pandemic are used as motivation to enact clear and coherent policies that enhance the customs environment during crisis situations. This should include incorporating express delivery services within the framework of a globally-agreed definition of essential services, establishing clear and facilitative contingency plans for future crises, and making permanent a variety of facilitations available during the crisis that will help to ease the flow of goods.

The EU should use the crisis as motivation to enhance its overall competitiveness, reinforce and facilitate supply chains and improve pandemic readiness. In doing so, it will be crucial to also ensure that the crisis does not unduly impact on the timelines for the EU’s various customs projects – which are integral to the overall goal to establish a state-of-the-art EU customs environment.

Yours sincerely,



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