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THE EEA CUSTOMS COMMITTEE

The members of the European Express Association (EEA) offer a unique, global, door-to-door transportation service, of which Customs Clearance & Brokerage is an integral part. With our members handling approximately 30% of all customs clearances in the European Union (EU), the EEA has particular interest in customs policies, procedures and systems.

The Customs Committee addresses the many complex customs issues impacting express transportation, and works closely with other industry associations to achieve its key policy objectives:

- Firstly, to achieve harmonised customs clearance procedures for express shipments throughout Europe.
- Secondly, promote the earliest possible adoption by countries of the most advanced and simplified customs clearance processes.

The Committee's current work is largely focused on the EU's Modernised Customs Code and its many implementing rules. Ahead of the expected final adoption of these rules, the EEA is cooperating closely with relevant authorities to ensure that the new code is implemented in the most efficient and secure manner possible. The EEA is a formal member of the Trade Contact Group, a platform for industry to advise the European Commission on customs policies and procedures.

The EEA is one of the strongest possible supporters of the rationale behind the modernisation of the Customs Code, and have on many occasions reaffirmed our commitment to support the Commission and the Member States in its implementation. We can only give our full support, if we are included in all aspects, and at all levels, of the consultation process between the Commission and the Member States.

SIMPLIFICATION OF THE CUSTOMS CODE: A MISSED OPPORTUNITY?

With the approval of the Modernised Customs Code (Regulation (EC) 450/2008) the European institutions have shown their strong recognition of the need to simplify customs legislation and streamline customs processes and procedures.

As the new code moves into its implementation phase, members of the EEA urge Europe's policy-makers to ensure that the potential positive impacts to both customs authorities and traders, from a new streamlined Modernised Customs Code, are not eroded.

The intended benefits of the Modernised Customs Code

The Modernised Customs Code has the potential to provide significant efficiencies and benefits for



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the movement of goods to and from the EU. Specifically, the code:

1. Introduces, as a rule, the electronic lodging of customs declarations and accompanying documents.
2. Promotes the concept of centralised clearance, under which authorised traders are able 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 of the EU customs territory or the Member State where they will be consumed.
3. Offers a basis for the development of the Single Window and 'One Stop Shop' concepts. Under the Single Window concept, economic operators provide information for import and export, required by customs and non-customs legislation, in a simple and efficient way - through a single entry point - and the information can be retrieved by different administrations or agencies. Consequently, the controls on goods for various purposes (customs, sanitary, etc.) can be performed at the same time and at the same place ('One Stop Shop' concept).

The simplifying provisions of the Modernised Customs Code at risk of erosion

The express sector is becoming increasingly concerned by the apparent erosion, in its implementing provisions, of the benefits implicit in the Modernised Customs Code. Specifically:

1. Existing simplified procedures allowing the authorised trader to release shipments without

customs intervention while customs control the transaction on an audit-basis after release, are being removed and replaced by transactional-based systems and controls delaying the supply chain. This will increase cost for both traders and customs without any reasonable justification. For example, the express industry will be highly impacted by the abolition of simplified transit procedures for movements by air and with the abolition of the export facilitations under the single transport contract. The latter provides a significant advantage to EU exporters.

2. Centralised customs systems are enshrined within the Modernised Customs Code as the future for customs clearance. However, the major obstacle to this objective is the reluctance of certain Member States to harmonise customs rules, with many seeking to maintain control of their own processes and procedures. It appears unlikely that key initiatives, such as centralised clearance, will be delivered as originally conceived by the time the Modernised Customs Code comes into force. In fact there is a danger that a scaled down version of centralised clearance will be adopted, with no or minimal benefit to trade. In reality, this means traders will have to send the required customs clearance information to multiple Member States, creating complexity in business operations and maintaining the current inefficient processes. In summary, a lack of willingness to further harmonise procedures and controls is perpetuating the customs burden on European trade, and is contradicting the underlying objectives of the Modernised Customs Code.

The EEA is concerned that the European



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Commission together with the Member States are missing this unique opportunity to modernise customs clearance procedures and failing to make it a seamless process which would improve the competitiveness of European importers and exporters, one of the targets of the Lisbon Treaty.

Express carriers therefore urge policy-makers to ensure that all stakeholders are provided with the necessary time to develop and agree upon the Modernised Customs Code implementing provisions, create system specifications, and develop, test and implement adequate IT systems to support the shared objective. As the result will dictate how EU traders will do their customs declarations for the next decades, the entire process should not be restricted by any time constraint. Policy-makers should ensure that the Modernised Customs Code implementation provides the right balance between trade facilitation and customs control.

ENSURING EFFICIENT AND SECURE ELECTRONIC CUSTOMS

The creation of a European paperless electronic customs environment is a bold objective. The EEA's role in supporting this objective is to ensure that the electronic systems which are currently being developed to replace paper are adapted to the needs of the users, whether these be customs or trade. This can only be done if express carriers and other customs operators are properly consulted in the development phase of these IT systems.

The European Commission is currently developing the IT systems that will succeed the Export Control System (ECS) and the Import Control system (ICS).

Both ECS and ICS were developed to deal with the validation and analysis of data provided by traders for security and safety purposes. The initial purpose of the ECS was the abolition of paper declarations when export shipments crossed the EU border in a country other than the country where they were exported. While in the past the EU border customs office had to return a piece of paper to the customs office in the country of export, ECS replaced that by an electronic message between the two offices.

New versions of both systems are planned with the introduction of the Automated Export System (AES) and the Automated Import System (AIS) within the scope of the Modernised Customs Code. In addition to performing the exact same tasks as ECS and ICS, these systems will support the implementation of centralised clearance in Europe. This is a very positive development, which will lead to a trader being able to provide information on shipments destined for all 27 Member States of the EU, to a single customs administration via a single customs computer system, as opposed to separate access to the 27 Member States customs systems as required today.

The Modernised Customs Code calls for the adoption of modern control techniques such as self-assessment and systems-based controls. Both these procedures depend on customs using the in-house systems of traders to monitor the flow of goods to or from the EU, with the emphasis on post-release audits of the traders system. However, the current direction that AES and AIS are taking, a transaction-by-transaction approach dealing with each shipment individually, is to be avoided as it will have an adverse effect on trade facilitation and optimisation of customs controls.



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The EEA believes that it is absolutely essential for the growth of business and the creation of jobs in the EU, to implement simplified and harmonised customs procedures, alongside the efficient and secure electronic systems needed to support them.

To achieve this, the express industry must be involved in all phases of the consultation process, including Business Process Modelling, the development stages of the supporting electronic systems and further work required to ensure that centralised clearance and other procedures can be implemented in a meaningful way.

KEY FACTS & FIGURES

- THE EXPRESS INDUSTRY PROVIDES GUARANTEED, FAST, RELIABLE, ON-DEMAND, WORLD-WIDE, INTEGRATED, DOOR-TO-DOOR MOVEMENT OF SHIPMENTS WHICH ARE **TRACKED AND CONTROLLED THROUGHOUT THE JOURNEY.**
- WHERE SHIPMENTS CROSS INTERNATIONAL BORDERS, THE EXPRESS INDUSTRY HANDLES **CUSTOMS CLEARANCE** AS WELL AS THE **PAYMENT OF DUTIES AND TAXES** AS REQUIRED.
- THE MOST IMPORTANT ROLE OF THE EXPRESS INDUSTRY IS IN FACILITATING THE **SUCCESS** OF OTHER PARTS OF THE **GLOBAL ECONOMY.**
- ITS DIRECT CONTRIBUTION TO WORLD **GDP** WAS **US\$80 BILLION IN 2008.**
- IT DIRECTLY SUPPORTS 1.3 MILLION JOBS WORLDWIDE, **2.75 MILLION JOBS** IN TOTAL.
- IT CURRENTLY EMPLOYS **250,000 PEOPLE IN EUROPE** AND DELIVERS MORE THAN **450 MILLION PACKAGES EACH YEAR**, CONSTITUTING ALMOST HALF OF THE INTRA - EUROPEAN AIR CARGO MARKET.

SOURCE: OXFORD ECONOMICS REPORT - THE IMPACT OF THE EXPRESS DELIVERY INDUSTRY ON THE GLOBAL ECONOMY