

## CENTRALISED CUSTOMS CLEARANCE WITHIN THE EU – A BUSINESS PERSPECTIVE

Since January 1993, business in Europe has consistently tried to obtain procedures in the EU, whereby shipments entering or leaving the EU, could be cleared in a single Member State, whether they were physically present there or not.

If this could be achieved, it means that business would only have to work with the customs administration in a single Member State, rather than with 27 as is currently the case. The benefits of doing this included a single language instead of 22, and potentially one computer system linked to customs rather than 27 as is currently the minimum.

It has always been understood that to achieve this goal would require the Member States to co-operate to ensure that

- Statistics could be collected.
- VAT and excise duties at the individual Member State rates could be accounted for at a single point in the EU.
- That a single Member State could complete risk analysis for the 26 others for their national prohibitions and restrictions, and,
- That agreement could be reached on how to split the collection cost of 25% of the customs duties, which was historically paid in the Member State where the goods were destined.

Attempts were made by number of companies to achieve this with little success, and eventually the European Commission decided to formalise the process of obtaining a Single Authorisation for Simplified Procedures, (SASP), in the EU. This went some way towards allowing a company to centralise its customs clearance procedures. Unfortunately, whilst being very welcome, the SASP processes are very bureaucratic and time consuming and ultimately fell short of the business benefits mentioned above. This being the case many companies decided that they would prefer to see what lay ahead in the proposals for a Modernised Customs Code.

The European Commission, the Council and the European Parliament signalled their support for the creation of procedures to allow business to centralise their customs clearance in the EU, with the introduction of the Modernised Customs Code in 2008. By supporting the simplification of EU customs procedures, and the creation of a new pan-European e-customs environment, the three parties signalled their desire to offer to business in the EU a facilitation that would provide genuine simplifications and harmonisation, and would thus allow business to be more competitive in the global marketplace.

It is the stated intention of the MCC that *‘Fiscal and trade policy controls should primarily be performed by the customs office competent in respect of the premises of the economic operator’ and that ‘it is appropriate to provide for centralised clearance at the place where the economic operator is established’.*

From the perspective of business the original concept of centralised clearance is unquestionably one of the most significant benefit attainable from the implementation of the Modernised Customs Code.

It has however been made quite plain recently that support for centralised clearance by the European Commission and some of the Member States has declined rapidly, as they realise the time needed, and the level of difficulty in making the changes needed, to VAT, excise, statistical requirements and national prohibitions and restrictions, and to agree on the split of collection costs. It is now apparent that this facility, a central pillar of the MCC's commitment to modernisation and simplification, will at best be delayed if indeed, it is to be delivered at all. The passage of even more time before delivery will only serve to ensure the goal of a centralised clearance system for Europe is consigned to being a significant opportunity lost

It is also apparent that the concentration of ICS/AIS development upon issues relating to the entry of goods into the Union has meant that little importance has been given to the electronic exchanges between offices to provide for centralised clearance as originally proposed.

At the same time, a realisation has been growing amongst the Member States, that a centralised clearance system means that they will no longer be able to exercise the control over goods being imported into or exported from, their Member State as is currently the case, as this would pass to the Member State in which the authorisation for centralised clearance had been granted.

This is highlighted by recent proposals to amend the Modernised Customs Code which provided a platform for the Member States and the European Commission to revisit and to alter the provisions relating to centralised clearance. These proposals now suggest that it will not be the system first envisaged, as the new rules clearly abandon any pretence that the IT system/messages originally intended to support centralised clearance are to be developed or the possibility even provided for.

Furthermore, and more damagingly to business, the proposals clearly indicate that Member States are continuing to seek absolute office of entry controls over the release of goods for any procedure. This will mean that release is now to be dependent upon process and clearance of the customs declaration not just by the customs office competent for the premises of the economic operator but by the office of entry as well. This will force business to deal with at least two separate customs administrations, thus defeating the intent of the centralised clearance proposals.

Business has recognised and asserted that the procedures currently proposed for the Union Customs Code, (UCC), would effectively prevent centralised clearance from taking place. The European Commission and the Member States have apparently chosen to interpret this statement as meaning that business has no interest in centralised clearance which remains far from the truth.

Much finger pointing is now taking place, with some Member States and the European Commission stating that so few companies would apply for centralised clearance, that it would be a waste of effort in these financially challenging times. Business has stated in response to this, that neither the Commission or Member States have a basis on which to make this statement, as without being offered genuine simplified procedures in support of centralised clearance, businesses cannot make a decision on whether they would apply or not.

Business has also pointed out that these concerns are completely in line with opinions cast in the recent report for the Committee on the Internal Market and Consumer Protection, by Matteo Salvini, on 'Modernisation of Customs' (2011/2083(INI) who considers, inter alia, ***that '... the provisions implementing the MCC should fully reflect its spirit'*** The Salvini Report not only ***'strongly supports the concept of centralised clearance depending on appropriate IT systems'*** but also ***'regrets the lack of progress in the implementation of this concept'***. It ***'calls on the Member States to commit themselves fully to the concept'*** which it recognizes as ***'one of the principal aspects of modernised customs as conceived in the MCC'***.

Business has not changed its stance that centralised clearance is one of the most significant benefit that can be attained from the Modernised / Union Customs Code, and has never underestimated the

challenges that face Union and national institutions in bringing centralised clearance to fruition. Nevertheless none of the issues which need to be resolved before the procedures for centralised clearance can be implemented are insoluble, given genuine goodwill and a commitment to resolve problem areas by the Member States, the European Parliament and the European Commission. It may take between 5 and 10 years to achieve a full solution, but such a solution would provide a basis for all companies in the EU to work in a more cost effective way, whether they are SMEs or multinationals, and thus make them more competitive in the global marketplace.

**THE FOLLOWING ORGANISATIONS SUPPORT THIS STATEMENT:**



*American Chamber of Commerce to the European Union*



*Confederation of European Community Cigarette Manufacturers*



*European Chemical Industry Council*



*European Association for Forwarding, Transport, Logistics and Customs Services*



*European Community Shipowners' Associations*



*European Express Association*



*Europro*



*European Semiconductor Industry Association*



*European Shippers' Council*



*Association of European Chambers of Commerce*



*European Alliance of customs-related service providers*



*European Ship Suppliers Organization*



*The International Air Cargo Association*