

## **THE UNION CUSTOMS CODE: UNDERMINING OR STRENGTHENING EU COMPETITIVENESS?**

**The industry has made its choice. What about the choice of the EU institutions?**

*25 March 2013*

Beyond controls and the collection of duties, customs is at the heart of EU economy. The choice between a customs union with simplified and modernised rules or one with a patchwork of customs requirements based on complex and paper-based procedures is at stake today with the trilogue discussion on the Union Customs Code (UCC) proposal.

The first option will deliver a dynamic environment for competitiveness and growth, critical for Europe's businesses, both large and small. The second option will increase red tape compared to the existing procedures creating a situation that will harm EU competitiveness vis-à-vis other trade blocks.

The undersigned associations strongly support the first option and believe that the choice should also be clear for all EU institutions. The EU cannot wait another decade for simpler and harmonised customs rules. The choice for a Modernised Customs Code (MCC) was already made in 2008 with the Regulation 450/2008 providing for centralised clearance and simplified procedures based on IT systems. The economic challenges of today cannot justify the retention or introduction of costly and out-dated processes, not only for business but also for customs authorities. Investment in modern customs IT systems will benefit trade and will allow a better allocation of valuable customs resources. Instead of the routine control of legitimate trade, all administrations across the EU should adopt a more risk based approach to controls. In accordance with the European Parliament's resolution of 1 December 2011 on the modernisation of customs, the draft report of the Internal Market and Consumer Protection Committee (IMCO) of the European Parliament (20125/0027(COD)- COM (2012) 64 final) sent a clear message for modernised and simplified customs legislation. It provides for:

1/ **centralised clearance** allowing EU traders to declare goods electronically and pay their customs duties and VAT in the Member State where they are established in the EU, irrespective of the Member State through which the goods are brought in or out,

2/ a reasonable timeframe for implementing **electronic customs processes** such as for import and export declarations, and

3/ **the re-introduction of existing customs simplifications and creation of new ones.**

Unfortunately, the Presidency compromise text creates new burdensome processes.

In view of the trilogue discussion, the undersigned associations urge the IMCO committee to stick with the above-mentioned key landmark provisions enabling a seamless pan-European customs system required to improve the competitiveness of the European economy.

The urgency to reach a first-reading agreement as soon as possible, to ensure the adoption of the UCC happens before the entry into force of the Modernised Customs Code at the end of June 2013, cannot justify a compromise that leads to a missed opportunity to produce

legislation that ensures the economic well-being of the European Union. Case law states that the delay of implementation of a regulatory text does not in principle cause an obstacle to legal certainty and the creation of a legal vacuum. Therefore, the delay of the adoption of the UCC should not by itself cause a legal vacuum as existing customs rules ('EU acquis') will continue to apply.

The undersigned associations are confident that the European Parliament will negotiate with the Council for as long as necessary to find the best compromise text in the 1<sup>st</sup> or 2<sup>nd</sup> reading.

Rejecting the provisions mentioned above included in a compromise text will constitute in the opinion of the undersigned associations a red line for any agreement with the Council as it would represent an opportunity missed for a modern and competitive European Economy.

**THE FOLLOWING ASSOCIATIONS SUPPORT THIS LETTER:**



*Association of European Airlines*



*American Chamber of Commerce to the European Union*



*BUSINESSEUROPE*



*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*



*European Shippers' Council*



*Association of European Chambers of Commerce*



*EuroCommerce*



*EurTradeNet*



*Foreign Trade Association*



*International Air Transport Association*



*European Ship Suppliers Organisation*