

## EUROPEAN BUSINESS STATEMENT ON THE RECAST OF THE MODERNISED CUSTOMS CODE

30 May 2012

The EU stands at a critical economic moment. The construction and consistent application of modern customs rules and systems is a crucial challenge facing EU business, particularly if the aims of 2020 are to be achieved. Modern and simple rules, based on leading edge systems, underpin a dynamic environment for competitiveness and growth; *such an environment is critical for small businesses in many Members' constituencies as well as Europe's major, global wealth creators.*

The creation of a modernised customs environment, referred to as the Modernised Customs Code, (C/R 450/2008) is an initiative the Trade Contact Group (TCG), which has always given its full support and resources to the project since it started ten years ago. When the European Parliament and the Member States of the EU agreed to the Modernised Customs Code, they supported standardisation of IT systems, the harmonisation of procedures, and the principle of the facilitation of trade where this was possible. However, it is not surprising that the world has changed since this work started. Since then security issues, treaties, significant technological advances and a financial crisis of historic proportions mean we now live in a very different world.

Against this background, the TCG is growing increasingly concerned the project is not adapting to this new climate. It seems modernisation is becoming no more than a bureaucratic exercise to meet political deadlines, rather than deliver a truly modern customs environment that properly balances between security and trade considerations. *Put simply, it would not enhance nor drastically improve the current rules and processes and some even argue it would be better to leave the status quo!*

This concern has been heightened by the proposals to apply the Lisbon Treaty to the Customs Code. In early 2012, the European Commission agreed on the draft of a recast of the current Modernised Customs Code, as the Union Customs Code. This has now been presented to the European Parliament and the Council for their agreement. The Commission stated the changes were obliged by the Lisbon Treaty, but this recast would avoid making fundamental changes to the modernisation work already conducted and could not accommodate adaptations the TCG had called for. Unfortunately, it seems that there is some disagreement over the use of the term 'fundamental' which starts with the fact that amongst a number of major changes, the European Commission has decided to amend a number of articles in a fundamental way, such as:

1. Providing for Member States to ask for an exclusion from the requirement to have electronic systems in place for communication between customs and customs, and customs and trade. *This formed the foundation of the Modernised Customs Code.*
2. The decentralisation of Centralised Clearance.
3. A fragmented roll out of supporting IT systems up to 2020.

There are also other 'corrections' included in the proposed recast that apparently exceed the Commission's stated objective to limit such changes to what is absolutely necessary to ensure coherence in the processes, rather than change the work already conducted. Some of these changes will now inevitably result in the diminution of simplifications and facilitations that are essential to EU business as a whole.

The TCG seeks the European Parliament support to oblige the European Commission to:

- a. State what additional and quantifiable benefits/facilitations, which are agreed to with trade, are contained in the proposed text that has been forwarded to the European Parliament;
- b. Ensure that trade is fully involved in the *dialogue* as a *partner* at all stages of the consultation process, both for the proposed Union Customs Code and for the implementing procedures that are required in support of it; and
- c. Ensure the UCC will enhance the competitiveness of the EU territory with simpler and harmonised procedures based on IT.

The TCG looks to the European Parliament to show strong leadership to ensure the modernisation of customs, as envisaged ten years ago at the start of the process, provides *genuine* facilitations to all trade sectors in support of the absolute need for business to drive growth in this daunting economic climate. Poor or imbalanced decisions at this stage will impact on EU based companies, both large and small, as well as our trading partners. *That undermines jobs and wealth creation in Europe!*

Trade Contact Group representatives are available to meet and brief any interested parties.

The undersigned,

American Chamber of Commerce to the EU (AmCham EU); Association of European Airlines (AEA); BusinessEurope; Confederation of European Community Cigarette Manufacturers (CECCM); European Chemical Industry Council (CEFIC); European Liaison Committee for Agricultural and Agri-Food Trade (CELCAA); Community of European Railway and Infrastructure Companies (CER); European Association for Forwarding, Transport, Logistics and Customs Services (CLECAT); European Association of Automotive Suppliers (CLEPA); Paneuropean Association of Customs Brokers (CONFIAD); Customs Platform; European Community Association of Ship Brokers and Agent (ECASBA); European Community Shipowners' Associations (ECSA); European Express Association (EEA); European Shippers Council (ESC); European Semiconductor Industry Association (ESIA); Eurochambres; EuroCommerce; European Alliance of customs-related service providers (EurTradeNet); International Air Transport Association (IATA); Irish Exporters Association (IEA); European Ship Suppliers Organization (OCEAN); International Union of combined Road-Rail transport companies (UIRR); and World Shipping Council.

