

European Parliament Committee on Internal Market and Consumer Protection

**Workshop on Strengthening Competitiveness of the Internal Market by
Developing the EU Customs Union and its Governance**

Panel 1 - State of play of customs reform and options for the future

State of the Customs Union and Governance Challenges

Presentation prepared for Policy Department A on request of the Committee for the
Internal Market and Consumer Protection



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Before the European Parliament ...

- Proposal ... to prolong the transitional use of means other than the electronic data-processing techniques provided for in the Union Customs Code (COM(2018)0085 – C8-0097/2018 – 2018/0040(COD))
- An important detail – which raises more general questions

Basic facts and challenges

- EU = largest customs union - 17% of world trade
- Union customs and its development serves various purposes
 - Trade facilitation
 - Security, product safety, IPR protection
 - Generation of budgetary traditional own resources
- Modernization since 2008

The package timetable – focus on IT

Modernized Customs Code (MCC)

2008: Decision No 70/2008/EC

2013

UCC adopted, Commission legal acts elaborated and constantly improved

Rules enter into force

transitional use of paper documents ends

Deadline: 2013

Pushing back deadline to 2020 = 7 years

2014, Electronic Systems Work Programme, COM 2014/255/EU

2020

deadline maintained, but plans show, that dates for a number of components were pushed back

2016 update of Work Programme, COM (EU) 2016/578

Pushing back deadline to 2025 = 5 years

2018 COM Proposal for Amendment COM(2018) 85 final, asking for another 5 years

2025

≈ 5 years

≈ 7 years

≈ 5 years

Modernizing EU Customs: from 1992 to the UCC

1992 Community Customs Code

2005 Proposed Modernized Customs Code (2008) and Decision on electronic customs

2013 Customs package

- Union Customs Code (UCC), 2013
- Commission Delegated (2015-) and Implementing (2016-) Acts
- Transitional Delegated Act (2016-)
- Work Programme - Commission Implementing Decisions (IT systems, 2014/2016)

2016 UCC substantial rules take effect

2020 Target for operation of all electronic systems - delay

2025 New target (postponement pending)

UCC in a nutshell

- Facilitation
 - Harmonization and standardization of rules, procedures and decisions
 - Simplification of processes,
 - Authorized Economic Operator (AEO) concept
 - self-assessment
 - Facilitation through paperless transactions - electronic system with 17 components
- Internal market
 - Services of customs representatives not limited to place of establishment
- Securing EU financial interest and safety and security
 - Obligatory guarantees
 - Rules on safety and security

UCC plus IT: the „Package“

- Functional unit to best serve the three objectives
- Synergy between rulebook and IT systems
- Rules are specifically designed for paperless transactions:
 - More demanding in view of data to be provided
 - Guarantees and securities to be provided
- Expectation: burdens imposed by rules are offset by advantages of paperless transactions

IT: components

Trans-European Systems

1. Registered Exporter System - REX (new)
2. Binding tariff information – BTI (upgrade)
3. Customs decisions system (CDS) (new)
4. Uniform User Management & Digital Signature – UUM&DS or "EU Trader Portal" (new)
5. Authorised Economic Operators – AEO (upgrade)
6. Economic Operator Registration and Identification System – EORI (upgrade)
7. Common customs tariff and surveillance – Surveillance (upgrade):
8. Proof of Union Status - PoUS (new)
9. New Computerised Transit System – NCTS (upgrade)
10. Automated Export System – AES (upgrade of both the existing trans-European system and of the existing National Export Systems)
11. Standardised Exchange of Information for Special Procedures – INF (new)
12. Centralised Clearance for Import - CCI (new)
13. Guarantee Management – GUM (new)
14. Import Control System – ICS (upgrade)

Systems of Member States

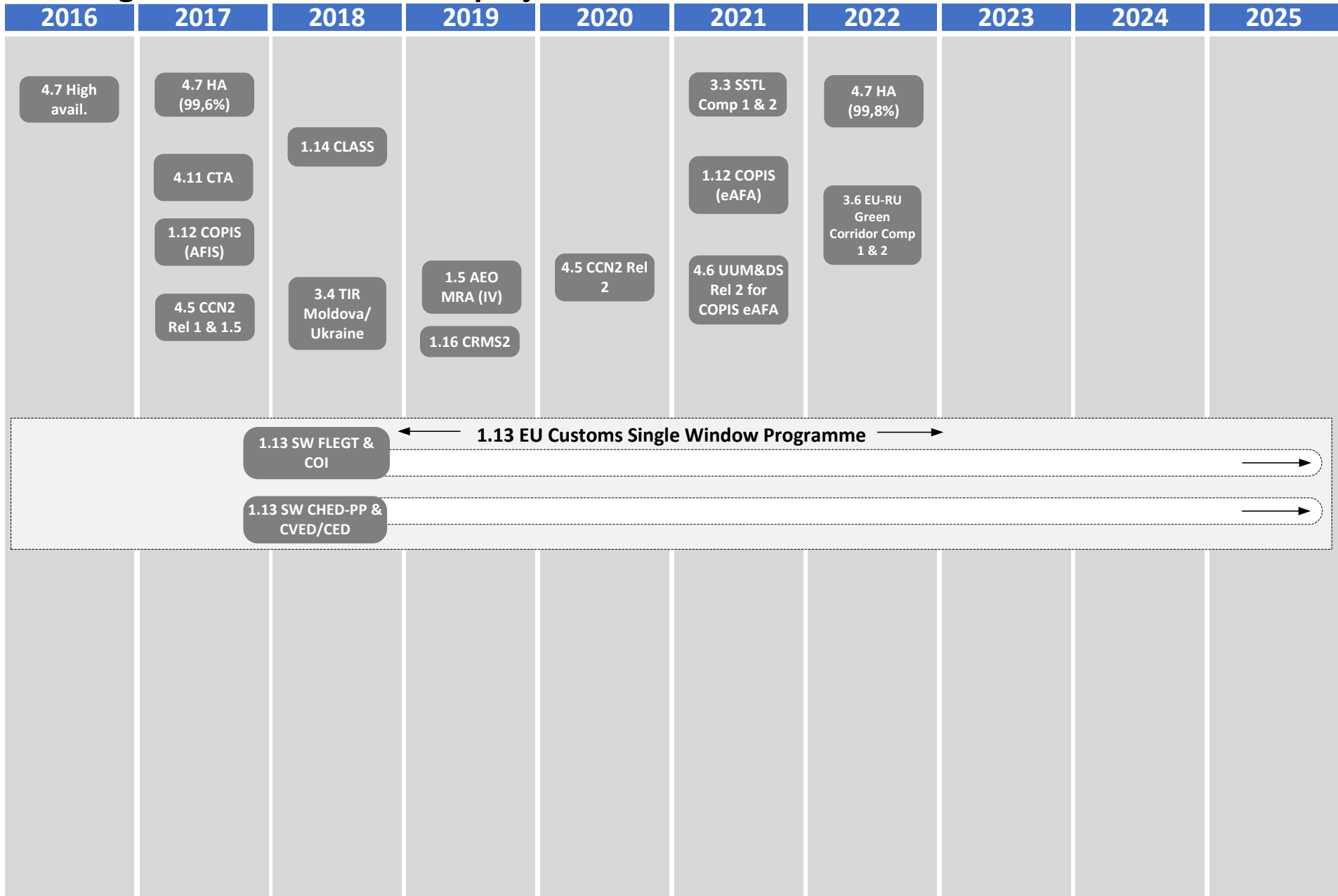
1. Harmonisation and facilitation of special procedures – SP
2. Notification of Arrival, Presentation Notification and Temporary Storage - NA, PN, TS
3. National Import Systems – NIS

Yellow highlights: systems, for which postponement is asked for from 2020 to 2025, COM(2018) 85 final

IT: planning (MASP)

https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/policy_issues/e-customs_initiative/masp_overview_en.pdf, last visited 3 Sep. 2018

Planning Overview other MASP projects



IT: challenges

systemic

- Highly ambitious massive public electronic infrastructure project
- European dimensions and national level contributions
- interfaces between systems
- interlinkage with the rulebook and its further development
- prioritization

dynamic

- technical innovation
- new expectations
- data protection and cybersecurity
- security issues
- new types of import controls
- Brexit

IT: governance

- Two frames for management with different logics: „UCC work programme“ and „MASP“.
- Additional features and projects added over time, such as the „single window“ project.
- Difficult to see, that the hard „legal“ deadline as imposed by the UCC with consequences for the rulebook and millions of economic operators has been prioritized. It appears, that the management was driven by a given systems architecture and its implementation and that deadlines were seen as dependent variable to be achieved at best efforts.
- The factors named by the Commission for asking to push back the deadline – changes in the rulebook, complexity, interoperability – will remain and no indication has been given as to how they could be better coped with in the future.
- It does not appear, that the fact of important and critical delays is seen as a reason to better explain the project, its criticalities and consequences drawn.
- Thus, it remains open, whether the repeated and significant postponements have given reason to review the technical concept, the management and their criticality.
- There is hardly any explanation, how the dynamic challenges, which may increase over time, are taken care of by appropriate managerial instruments and mechanisms.