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**Customs and Trade Conference on the
Modernised Customs Code**

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**SPEECH BY
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**Minister Draskovics,
Commissioner Kovacs,
Mr Verrue,
Ladies and Gentlemen,**

I am very pleased to be with you here today in this Conference on the Modernised Customs Code. First of all, I would like to thank the Hungarian Government and the European Commission for having organised it and for inviting me to present the business community's expectations of the modernised Customs Code.

UNICE, which I represent today as Chairman of its Customs Legislation Working Group, is the voice of European business vis-à-vis the European institutions. Created in 1958, it comprises 38 central industrial and employers' federations from 32 European countries, including MGYOSZ in Hungary, and through them around 20 million companies. Its mission is to actively promote and represent the interests of European companies with a view to fostering a favourable and competitive business environment conducive to sustainable economic growth.

For UNICE, the Lisbon Strategy is the key to achieve this objective. Proclaimed in 2000, it vows to make Europe the most competitive economic region in the world. It should help the EU to succeed in global competition, where Europe's position needs to be improved. Overall EU growth has deteriorated. Unemployment remains high. European society is only slowly beginning to awaken to its problem of an ageing population. New technologies and the emergence of economic powers like China or India necessitate profound changes in our society's structures.

It is high time to implement the reforms foreseen to promote economic growth and jobs. The future prosperity of the European model is at stake.

From this strategic perspective, completion of the internal market and a pro-active trade and investment policy are among UNICE's priorities. The modernised Community Customs Code should be instrumental to achieve these two objectives which are vital elements of overall European competitiveness.

In an economic environment characterised by globalisation, increasing integration of the supply chain and the growing practice of just-in-time deliveries, European companies need an efficient customs system which enables them to forward and receive goods rapidly and reliably. Trade is the engine for economic growth, and customs rules should facilitate that trade as much as possible.

The work under way jointly by the European Commission, Member States and European Parliament, should, I hope, lead to concrete progress as regards a real modern Community Customs Code and its implementing provisions. Customs rules should fully address the needs of their final users: European economic operators.

Moreover, simplified procedures included in the Customs Code, aiming at trade facilitation can also be useful as orientation for the work by WTO members in the framework of the DDA Trade Facilitation negotiations. Trade policies will only be efficient if the appropriate customs environment is in place.

In short the modernised Community Customs Code is important for the business community because:

- It codifies all procedures applicable to goods that go into and out of the EU, thus facilitating the trade of European economic operators; and**
- It fosters integration of the Internal Market by devising common rules and procedures, which should be uniformly applied and implemented.**

The customs union is primarily a key feature of the Common Commercial Policy. The EU is now the biggest trader in the world and depends on external trade for 16% of its GDP, accounting for more than 18% of global trade in goods. In a globalised marketplace with fierce competition, European traders need to have the most up-to-date trade-facilitating export and import procedures and rules which are not more restrictive and burdensome than those of their main competitors in third countries.

In addition customs are also the key to protect the interests of European traders in the enforcement of intellectual property rights. This is done by fighting illicit trade of counterfeited and pirated

goods into the EU, which undermine Europe's industrial fabric and harm investment and innovation. UNICE has always campaigned in favour of a determined fight against counterfeiting and piracy and has welcomed all initiatives from the European institutions encompassing anti-counterfeiting and anti-piracy measures.

Customs controls are also necessary to protect the health and safety of European consumers, and to ensure the correct implementation of trade policy instruments.

Apart from this international aspect, the Internal Market is one of the cornerstones of Europe's prosperity. Its immense potential must be fully released. European companies are tied down by too many obstacles. They need to be freed from them by unleashing the Internal Market. The free movement of goods and avoidance of distortions are important elements for the functioning of the Internal Market. Harmonisation of customs procedures throughout the EU is essential to make the Internal Market a reality and to avoid distortion of competition between companies in different Member States.

This requires the Community Customs Code and its implementing provisions to be applied in a uniform and consistent way on a level of equality by the 25 customs administrations. To that end, UNICE fully supports the objective to make you – EC Customs Administrations – work as if you were a single one.

Our main external competitors operate within a single customs law, which gives them, without any doubt, a competitive advantage over EU companies.

What should be the main features of the Code and its implementing provisions from a business perspective?

UNICE strongly supports any action that will contribute to the standardisation, harmonisation and simplification of custom procedures in Europe. We have supported a comprehensive revision of the Customs Code to streamline customs procedures in the Community and align rules on a modern IT-based and more secure environment. The current proposed text is in general terms

a balanced one, and has been developed through consultations with business in the framework of the Trade Contact Group. UNICE has, however, observations in general concerning the way the Code will be implemented and in particular on certain specific issues.

Implementation of the Code

In general the implementation of the Code raises some concern among the EU business community. If we can understand the need for flexibility in the legislative process, we see at the same time some risk of diluting the hard core of the provisions as set in principle by the Code.

Without knowing what the implementing rules will be it is very difficult to fully assess the implications of proposed legislation.

In any case it should be avoided that divergences in interpretation and application by Commission and Member States can occur.

Therefore UNICE would like to see the new Code come into force at the same time as the implementing provisions. In addition we believe it is important that the implementation of the Code will be

subject to parliamentary supervision and done in close cooperation with the business community, notably on issues of specific interest to economic operators.

The Trade Contact Group should be consulted throughout the process. I am asking you today to include business in the relevant committee procedures together with the customs administrations.

I would like now to refer to some issues that are of great importance to economic operators. I cannot be exhaustive, but would like to focus my intervention on what we see as the most important issues for business: i.e.

- the security component;
- the pre-shipment declaration;
- customs computerisation;
- the Single European Authorisation;
- the status of authorised economic operator.

Security aspects

European business fully supports the EU in its fight against terrorism. European business is ready to participate in initiatives proposed to counter it.

However, security and trade facilitation must be mutually supportive and not in competition. The negative effects of security initiatives should be minimised and excessive costs, burdensome procedures or duplicative to what exists already for international trade transactions should be avoided.

Likewise it is important to avoid imposing more responsibilities and administrative tasks linked to security than necessary or which should be the responsibility of administrations.

Pre-shipment declaration

It is essential that the summary declarations do not jeopardise the simplified customs clearance procedures for companies. The deadlines for submission of prior declarations should not lead to new constraints in terms of delayed movement of goods, and

should be as short as possible and similar to the rules in force of our main trading partners.

Moreover implementation and proper management of the summary declaration can only be successful in an electronic environment.

In the consultation process it is necessary to review both the code and its implementing provisions simultaneously, in order to clarify what information is to be included in the prior declaration, who is supposed to provide it, when, to whom, and where this information would have to be submitted. Clarification and consultation of business on all these issues prior to implementation is needed.

E-customs

Electronic customs is a key element of the modernised Code. UNICE welcomes this initiative and supports its full development taking into account the needs of companies, particularly of SMEs. Computerisation of Community customs should make customs processing cheaper, consistent, more efficient, more rapid and more secure.

Based on a common framework for risk management throughout the Community customs territory, this framework can only function if management of summary declarations by Member States is computerised in a genuine electronic environment. Therefore when the Commission and the Member States want to organise a uniform level of control within the Community and create harmonised risk analysis criteria a computerised system is a prerequisite as we have experienced with the implementation of NCTS.

With this in view, UNICE welcomes the proposal for a Multi-annual Strategic Plan for e-customs. It should be rapidly implemented in a pragmatic and transparent way through specific objectives and benchmarks defined in cooperation with business. An EU level playing-field must be ensured through Community-wide standards and IT interfaces. We hope that the high-level seminar on e-customs in Poland on 6-8 April will yield success and that business is fully associated.

Single European Authorisation

The Single European Authorisation (SEA) should be explicitly included in the new Community Customs Code. SEA is extremely important for companies established in several Member States. These economic operators attach great importance to a clear definition and scope of the Single Authorisation in Community legislation. The authorisation granted in one country should be recognised in all the other 24 Member States, unchanged by national requirements. It goes without saying that the concept of SEA will be instrumental to create a genuine single market.

It will be clear that the business community wishes to be associated in developing this concept together with the Commission and the Member States.

Authorised Economic Operator

UNICE believes that the status of authorised operator can be a major step forward to facilitate trade while ensuring the implementation of the rules. It should enable more efficient exports/imports, while at the same time freeing resources on the

customs side to concentrate on the real risks. However, the future significance of the AEO status will highly depend on the criteria to be fulfilled by economic operators as well as the simplifications and benefits which are offered to them.

If we want the AEO to be effective and of real interest for business, this status must be recognised in all EU Member States. Companies must benefit from facilitations irrespective of the Member State in which the customs office of entry or exit is situated. The current proposal could lead to this status to be limited to one or more Member States. UNICE is very concerned about this possibility and hopes that the opportunity with this Code to have real simplifications for companies is not missed because of national positions.

I would like to conclude my intervention by calling on all participants in this seminar to work together towards a Community Customs Code which will contribute to EU companies' competitiveness and trade facilitation, thus releasing growth and jobs. UNICE is committed to that objective and will continue its

action with the European Commission and customs administrations.

I hope this Conference will produce significant results.

Thank you very much for your attention.
