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CHECK AGAINST DELIVERY

Conference: European Customs in a Changing World Renaissance Hotel, Brussels- 27 June 2006

Speech by Mr Philippe de Buck Secretary General, Confederation of European Business- UNICE (10.15-10.25)

Commissioner Kovács,

Ladies and gentlemen,

I am pleased to be with you here today in this Conference on the “European Customs in a Changing World: Creating a more competitive business environment in Europe”. I would like to thank AMCHAM EU for the practical organisation of this joint meeting.

Before entering the core of my presentation, I will say a few words about the Confederation of European Business- UNICE, the official voice of European business vis-à-vis the European institutions. It comprises 39 central industrial and employers' federations from 33 European countries and through them, around 20 million companies. Its main mission is to promote the interests of European companies with a view to an EU policy and legislation which contribute to their competitiveness.

Competitiveness is key for UNICE

European companies are facing difficult times due to the EU's lacklustre economic performance. 20 million unemployed Europeans, almost half of them long-term, leave no doubt that we have to rethink our economic and social model.

The competitiveness of the EU is declining, squeezed between the US and the emerging economies- China, India, Russia, Brazil. These countries –the so-called BRICs- are catching up fast, which is good news for the economy as it means more prosperity, cheaper products and services and new market opportunities.

But at the same time, this global economic shift is putting new pressure on EU business and whole sectors in Europe have to reinvent themselves. The stakes are significant for Europe's global competitiveness.

However, UNICE believes that the EU must take up the challenge of globalisation and compete in this new environment. From a European business perspective, Europe now needs policies turned into the right direction to overcome its challenges.

How can the EU surmount these challenges and remain a global player?

One important area is international trade. The EU is still the biggest trader in the world and depends on external trade for 16% of its GDP. Due to low growth prospects in Europe, it is key for business to export to high growth markets in North America, Asia, Latin America and Africa.

To that aim, the WTO Doha Development Agenda negotiations, which are now in a crucial phase, must produce ambitious results. The DDA offers a historic opportunity to boost global economic growth. We must seize the chance to generate new trading opportunities for developed and developing countries alike.

UNICE is very disappointed with the state of play of the negotiations only weeks before the critical end-July deadline and just two days before a key trade ministers' meeting in Geneva. Very little progress has been made since the Hong Kong WTO Ministerial on the industrial tariffs (NAMA) and services negotiations and time is running out.

In this respect, UNICE together with the National Association of Manufacturers (NAM) sent a letter to Presidents Bush, Schüssel and Barroso, with a view to the Transatlantic Summit last week, calling on the EU and US to show leadership by jointly improving on a conditional basis their agricultural offers. This means that if the EU and US offers are not reciprocated by real market access for goods and services, there should be no deal. An OECD-only round in which the emerging countries contribute little or nothing would be unacceptable. This position has been supported publicly by the Japanese Government.

There is one area, though, in which negotiations are progressing well, which is the Trade facilitation negotiations on customs and border measures and procedures. An ambitious agreement is likely to be concluded. UNICE supports a Trade Facilitation agreement which is:

- legally binding to ensure commitment to pursue much needed reform and modernisation of the customs environment;
- reviewable, to encourage WTO members to move gradually towards higher standards in simpler, more efficient and less costly procedures.

EU Customs issues

Trade keeps the global economy moving and brings economic growth and jobs. Customs rules should first and foremost promote and facilitate that trade. The European Commission and EU Customs administrations have a responsibility in this field. Commissioner Kovács, it is vital that you fully address the competitiveness of European business when developing new customs legislation.

Against the background of increased competition in a globalised market, European companies need:

- an efficient custom system which enables them to forward goods rapidly and reliably
- the least burdensome possible export and import procedures when dealing with their competitors in third countries.

In this respect, UNICE strongly supports initiatives that contribute to the standardisation, harmonisation and simplification of custom procedures in Europe.

An important element for UNICE Customs Strategy is the strong support for harmonisation of customs procedures throughout the EU, to be applied at an equal level by all 25 customs administrations. This is essential to make the Internal Market a reality and to avoid distortion of competition between companies in different Member States.

In addition, our main external competitors, such as the US, operate within a single customs set of rules, which gives them, without any doubt, a competitive advantage over EU companies.

However, it is important that security and trade facilitation must be mutually supportive to maintain a satisfactory balance between increased security controls and the facilitation of legitimate trade and vital economic interests.

In a recent visit to the US with UNICE President, we have expressed our strong concerns to Deputy Homeland Security Secretary Jackson on the multitude of security initiatives under preparation and on the need to ensure compatibility of systems with the EU and internationally.

The Community Customs Code

The security reform of the Community Customs Code and of its implementing provisions, mirroring US initiatives, is an important development in the customs field which UNICE is closely following working with the European Commission and other business partners in the framework of the Trade Contact Group.

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

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

Although, improvements have been made in the draft implementing provisions of the Code, European business is concerned with the proposed text and is seeking for further significant improvements of the present draft revision 5 to genuinely simplify procedures and achieve trade facilitation.

Only if the Code can deliver on trade facilitation, European business will support its implementation. At this stage, UNICE is not in a position to accept it.

I would like now to refer to some issues that are of great importance to economic operators in the current discussions on the implementing provisions of the Code.

First, the pre-shipment declaration must not lead to new constraints in terms of delayed movement of goods. Industry depends on short time limits that do not affect logistical procedures, just-in time production and urgent shipment of spare parts. The EU also needs to find an appropriate solution for trade with the neighbouring countries of the EU and compatibility with the major trading partners of the EU such as the US.

Second, the Authorised Economic Operator (AEO). As said by UNICE's German member in a letter to you Commissioner Kovács, the proposed criteria for granting this status are much too stringent, largely unrealistic and in parts even questionable from a legal point of view.

Furthermore, Authorised Economic Operator must benefit from significant simplifications and lower controls than the companies not having such status. A complete waiver of declarations before each export transaction (pre-departure declaration) is key.

Without such a waiver, companies could be confronted with huge additional costs. Consultations among German business, for instance, indicate that the extra costs could be up to 2.6 million a year for big companies and more than € 300,000 for SMEs.

Third, the data set for the prior declarations should contain only the information available to the declarant and relevant to security purposes. A very detailed list of data would be an enormous burden for companies without contributing to security objectives.

Moreover, the Code must be implemented when the necessary new IT systems are operating. The Commission and the EU Member States cannot organise a uniform level of control within the Community and create harmonised risk analysis criteria without a homogeneous computerised system in place.

These are some of the issues that need to be included in the in the draft of the implementing provisions.

Commissioner, we count on you to fully take business recommendations into account in the revision of the implementing provisions to contribute to EU companies' competitiveness.

UNICE is committed to that objective and will continue its action with the European Commission and customs administrations.

I thank you very much for your attention.
