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**EUROPEAN CUSTOMS IN A CHANGING WORLD:
CREATING A MORE COMPETITIVE BUSINESS ENVIRONMENT IN EUROPE**

Tuesday September 14th 2010
Stanhope Hotel, Brussels

1st panel “Ensuring European Competitiveness” (10h20-11h00)

Speaking notes for Philippe de Buck, Director General, BUSINESSEUROPE

Commissioner Šemeta, Ladies and Gentlemen,

It is a great pleasure for me to be here today. With a membership of 40 central industrial and employers' federations from 34 countries, our organization is the representative voice of business in Europe. BUSINESSEUROPE represents small, medium and large companies, and we work together to achieve growth and competitiveness in Europe.

The theme of this session is what customs policy needs to deliver in order to ensure European competitiveness. How to create a competitive environment for our companies is at the heart of BUSINESSEUROPE's mission, and that's why we are calling for a competitive framework for future EU trade and customs policy. With a population of nearly 500 million, the EU is the largest trading space in the world. According to Commission statistics, 183 million customs declarations were completed in 2007 – this means 5,5 every second! Moreover, 1545 million tonnes of sea cargo and 11,7 million tonnes of air cargo are checked each year.

Keep markets open!

The figures I just mentioned show that how much Europe's wealth and competitiveness is built on global trade. And for this reason BUSINESSEUROPE always opposed any forms of protectionism. It is obvious: no open markets mean no trade!

The economic crisis triggered a 9% decline in global trade in 2009 and created pressure for protectionist measures. Although the worst-case scenario of full blown protectionism has been avoided, more than 220 potentially trade-restrictive measures were adopted around the world, affecting around 5% of EU exports. To keep markets open, the EU should continue to monitor and push for the removal of protectionist measures, especially since high unemployment and budget deficits can increase pressure for restrictive or discriminatory measures.



The EU must remain fully aware of trade's primary purpose – to generate long-term growth and employment in the European economy. The EU's customs and trade policy must work to support EU competitiveness, and is therefore a crucial component of the EU's 2020 growth strategy.

A modern customs policy

In principle BUSINESSEUROPE welcomes the modernization of the Community Customs Code (*note: which entered into force on 24 June 2008*) and the related implementation provisions (*note: which must enter into force by 24 June 2013 at the latest in order to make the Customs Code applicable*). The EU needs to ensure that the new rules deliver clear facilitation for business, in particular by making certain that integrated security provisions are workable and not excessive. Security provisions are essential but they must be in conformity with the objective of promoting growth and employment in the Community.

Unfortunately we have the feeling that the Commission is moving ahead too fast with the drafting of the implementing provisions without sufficiently involving the business community. Some key business issues need to be sufficiently discussed with the business community.

Moreover, we are concerned that the new rules will be more strict and severe for the business community. Existing customs simplifications – like the current “first sale for export”-rule – might be cancelled, and innovative solutions are under risk of not being implemented. This impression is reinforced by the envisaged security measures. Albeit supporting the European policy to secure movement of goods and supply chains, BUSINESSEUROPE is very concerned about the rapidly increasing multiplication of declarations (*i.e. declaration for the new system of ICS - Import Control System, more complex declarations for ECS - Export Control System*) in ports and airports due to the forthcoming ECS and ICS.

BUSINESSEUROPE does support the consistent interpretation of customs law in all Member States, but not the approach of directly discussing questions of procedure in “explanations” or “guidelines”. The participants applying the law – in other words the business community as well as public agencies – would thus be confronted with an unacceptable legal uncertainty since such documents do not constitute legal instruments. “Law-making through the back door” with the use of “explaining” documents, which have not been passed by the legislative bodies, but nevertheless demand external effectiveness, would not constitute the legal certainty that companies need.

Also a higher degree of simplifications and consistency should be envisaged for Centralised Clearance or the so-called “Authorized Economic Operator” (AEO). Due to the high costs and workload involved in the application process, the requirements expected for the AEO are currently disproportionate to the legally protected simplification advantages presently offered in exchange. Moreover, at this stage, it is necessary for every legal entity within a company active in several Member States to

file an AEO request. This does not only lead to a different validity for each “AEO licence”, it also means that there is no possibility to regroup in one Member State all customs operations for a company active in different Member States. Aside from these improvements still to be implemented, the EU should also further push the objective of mutual recognition of AEO with the US Customs Trade Partnership against Terrorism (C-TPAT) and other relevant AEOs from important trading partners. The recent mutual agreement with Japan was very positive in this respect.

A properly functioning Internal Market

Finally I would like to draw your attention to the fact that a properly functioning Internal Market requires an efficient market surveillance system. To have the right balance between pre-market control measures (*i.e. conformity assessment, ensure that the products available in the market are safe, efficacious and of quality*) and post-market measures (*i.e. monitoring of performance of products*), Member States must fulfil their responsibility to ensure proper market surveillance. The aim of this is both to ensure compliance with EU legislation and to ensure a level playing field for manufacturers. Customs authorities have already instigated a change in their role to become more focused on security and safety. Special attention should be given to the fact that the increasing number of imported products necessitates efficient involvement of customs authorities in market surveillance activities.

With these few comments I would like to come to an end, thank you very much for your attention.
