



**Anna Maria Corazza Bildt MEP**

Interim Chair

Committee on the Internal Market and Consumer  
Protection of the European Parliament

Rue Wiertz 60

B-1047 Brussels

BELGIUM

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**Subject: BusinessEurope's views on the UCC**

Dear Mrs Corazza Bildt,

On 21 June, European Commissioner Pierre Moscovici will engage in an exchange of views on the Union Customs Code (UCC) with the Committee on the Internal Market and Consumer Protection of the European Parliament. As the interim chair of this committee, we would kindly like to provide you with the views of the European business community with regard to this dossier to help you prepare for this exchange. We will also forward this letter to other members of the committee.

BusinessEurope has closely followed and contributed to the development of the UCC during the past few years, and while we welcome legislative reform as something that can improve policy for business operators, there are a number of shortfalls in the way in which the Implementing (IA) and Delegated Acts (DA) are currently drafted and implemented which have a negative impact on business and our competitiveness vis-à-vis third countries.

During the early stages of drafting, the IA and DA featured a number of provisions that would have provided simplifications for business operators, that were removed during the Commission's inter-service consultation process. DG TAXUD informed BusinessEurope in July 2016 that many of our requested simplifications could not be introduced in the legislative texts due to the deadline for the UCC's entry into force on 1 May 2016. We were also informed that further changes to the text would be made after the entry into force to improve the working of the UCC. To date, however, we do not have a clear timeline or plan of action on the Commission's next steps with regard to our requests.

We would therefore like to take this opportunity to highlight our four priorities regarding simplifications for economic operators, and hope that you will have an opportunity to address this to the Commissioner during your exchange on 21 June.

**1. Authorised economic operator**

The Code does not simplify the procedures for AEOs in order to justify the efforts companies have to endure to gain this status.

Companies invest a lot of administrative and financial resources in order to obtain the AEO status. It is therefore essential that an adequate balance exists between the costs



and benefits of becoming an AEO. Otherwise it only develops into a very costly and burdensome administrative operation.

Examples of simplifications business is looking for are:

- a) A waiver for entry summary declarations or pre-departure declarations
- b) "General" prior risk analysis and "general" declarations to be based on the products, processes and observation tools of the economic operator instead of transaction-based controls.

Companies normally have to inform customs about the goods and the parties involved before importing a good. The deadline for providing this information depends on the mode of transport. This is the same in case of export. The reason behind this is to have a basis for risk controls. But the principle behind an AEO is that it is a trustworthy business operator and risk controls should thus be made during the authorisation procedure by checking the processes, goods, partners etc. (process-oriented) and not be based on each shipment (transaction-oriented).

## **2. Balance between risk control and simplifications**

The reform process began with many good ideas for simplifications, but the result we witnessed throughout the drafting process is that many of them have fallen prey to risk control. In particular DG BUDGET and OLAF have pushed strongly to obtain as much data as possible, even from very trustworthy companies, from known processes, known business-partners and known products. Overall there has been a strong tendency to request increasing amounts of data and to collect them together. One example is the updated version of the Council Regulation (EC) No. 515/97.

Regarding the need and requirements for data, business believes that it is important to distinguish between verified trustworthy economic operators and "others". While we understand that there may be legitimate objectives for data requests, companies undergo a lot of effort to obtain this trusted status. This begs the question of why additional transaction-based risk control measures are implemented for an AEO, and why the Commission does not make a greater distinction between an AEO and a non-AEO in managing risk. It would furthermore save resources for the controls of trustworthy persons so that more intensive controls could be carried out on "others".

The important principle is that simplifications for trustworthy companies should not be eroded through growing demands for additional data.

## **3. Self-assessment**

Business expected innovative solutions for self-assessment, doing away with the transaction-based processing that exists today. BusinessEurope believes that the transaction-orientated controls must be turned into system and process oriented controls. Unfortunately, our expectations were not fulfilled.



In the area of self-assessment, the process for simplification started on the right track but at the end of the day only two simplifications remained:

- Determining the amount of import and export duty payable (which is not new, as this was in principle also possible prior to its introduction).
- Holders of authorisations for self-assessment are authorised to carry out controls, under customs supervision, of compliance with prohibitions and restrictions as specified in the authorisation.

Business believes that these are not real innovative and future oriented simplifications and that they will not have a big impact.

One example of required changes is the old-fashioned transaction based release in case of imports and exports. In principle, business operators have to give detailed information in relation to each shipment. Also in case of simplifications, a “first declaration” which includes for example the goods description, the customs procedure, weights etc. is necessary.

Other simplifications should also be included. Businesses should be able to secure the release of their goods at the EU border by simply informing the customs authority that the declarant possesses an authorisation for self-assessment. No further data should be requested at that point in time.

In addition, a simplified periodical declaration (including only general data like the complete value of goods customs cleared for free circulation) which correspond to a tax registration used today should be used. Since companies require AEO status to make use of self-assessment, and companies’ processes and products are already checked in order to obtain AEO status, the concept of self-assessment should turn the transaction-oriented control system into system and process oriented controls.

These mechanisms would ensure a basis for innovative and practice-oriented solutions, as was intended by the Union Customs Code. BusinessEurope previously presented some of these ideas in one of the workshops of the Commission and the customs authorities of the member states.

#### **4. Centralised customs clearance**

We seem to have missed one of the major potential benefits of the reform of the Union Customs Code. There is still no reasonable way to be active across EU Member States without having to work with 28 national customs systems.

To enact centralised customs clearance there are also other areas which must be taken into consideration and where we need centralised solutions. It will not be possible to use centralised customs clearance without possibilities of taking a centralised approach in fields such as:

- Import VAT
- Statistics



- Excise duties
- Prohibitions and restrictions
- Risk analysis

Business requires solutions in particular in the area of Import VAT and statistics because these two areas touch on all products. Business requires the Commission's support to include regulations/guidelines, or to define the processes which must be used in these areas to ensure a centralised process.

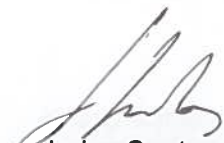
### **In closing**

With the introduction of additional data requirements and the delay or suspension of simplifications for business from the UCC, there has been a notable shift in the balance between risk control and simplifications. In addition, businesses are not experiencing the trade facilitative measures that they expected from the introduction of the UCC and AEO benefits.

It is our objective to obtain greater simplifications and trade facilitative measures for business from the Union's customs acquis. The ECOFIN Council Conclusions of 17 June 2016 also highlight the importance of further developing effective simplifications. We also understand there are some legitimate reasons for improved data collection. We do urge you to remind the Commission, however, in line with the ECOFIN Council Conclusions, that when considering further work on the UCC, "*adequate attention is given to realistic timelines, costs, and impact on customs and trade, based on comprehensive business cases and, when possible, pilot projects.*" In this view, we believe the proportionality of new measures must be weighed up carefully against the benefits, particularly for an AEO.

We will continue to cooperate proactively with you and the European Commission in order to ensure that the UCC package will deliver the best result for both trade and customs. I furthermore invite you to get in touch in case you have any questions regarding our views.

Yours sincerely,



Luisa Santos

CC: European Parliament Committee on the Internal Market and Consumer Protection