POSITION PAPER

Proposal for EU Single Window Environment for Customs

CLECAT, the European association of freight forwarders and customs brokers, supports the European Commission's proposal for EU Single Window Environment for Customs, as a significant step forward for the EU Customs Union and Internal Market. An EU-wide solution will more effectively address the existing fragmented model of regulatory compliance and lack of coordination between border authorities. If effectively implemented, it has the potential to streamline exchange of information and customs controls and ultimately improve trade facilitation by simplified processes, time saving, faster clearance and reduction of administrative burden and costs for businesses.

However, we would like to outline several important observations and recommendations for proper and meaningful implementation:

- **G2G cooperation is the most essential aspect** of the EU Single Window Environment for Customs. It will improve the customs clearance process in terms of efficiency, by allowing for the automatic verification by customs of supporting documents. It will allow for better coordination of controls between customs and other border agencies, leading to faster clearance and less delays.

- It is pertinent to ensure the **highest level of ambition with regards to the EU non-customs formalities covered within the scope** of the G2G cooperation to maximise efficiency and facilitation. CLECAT believes that only increased digitalisation of non-customs regulatory requirements will sustain the relevance of the G2G connection in the future.

- CLECAT highlights the importance of **regular monitoring and evaluation of the progress of implementation of the G2G connection**, ensuring its uniform and effective application across the EU.

- **B2G cooperation could provide further benefits** by streamlining the reporting obligations for economic operators and improving business processes. However, the B2G dimension requires **careful and in-depth analysis of its technical and practical feasibility and application**.

- Furthermore, regular **monitoring and evaluation of the implementation** in all EU Member States is crucial. It is equally important to ensure that the B2G cooperation **delivers the benefits as originally intended in an effective way, without creating unnecessary burdens for trade.**

- CLECAT further stresses the need for an **ambitious but realistic timeline for implementation** where available capacity and technical feasibility are duly considered.

Introduction

CLECAT represents European freight forwarders, logistics service providers and customs brokers. Multinational, medium and smaller sized companies, all fall within CLECAT's membership. These companies together submit over 80% of all customs declarations in Europe and handle a large part of cargo transported by the different modes of transport (road, rail, air, maritime and intermodal). CLECAT members play a crucial role in global supply chains and the exchange of information within these supply chains.

Customs brokers and freight forwarders are interested in the 'single window' concept as a means to modernise customs and border processes and enhance efficiency and simplifications for the trade community. If effectively implemented, the EU Single Window Environment for Customs has the potential to streamline exchange of information and customs controls and ultimately improve trade facilitation by simplified processes, time saving, faster clearance and reduction of administrative burden and costs for businesses.

At the same time, CLECAT remains cautious as many of the previous national single window initiatives and other related activities did not have the desired effects. This is because in some cases, at both national and EU level, the goal of the initiatives was not to improve efficiency and facilitation as such, but to simply replace already existing procedures and systems by new ones which incurred the same amount of work and burdens. For instance, the first initiative to create national maritime single windows even led to increased burdens for trade. The lesson learned from these failed attempts is that aspects such as digitalisation, creating single access points or creating EU-wide IT solutions should not be goals in themselves. They are merely possible tools to achieve the goals of increased efficiency and facilitation for both the public and private sector. CLECAT still encourages single window initiatives as long as they are result driven.

As a member of the Customs 2020 project group on the EU Single Window Environment for Customs, CLECAT was actively involved in exploring the possible framework to develop the EU Single Window Environment for Customs including the legal context.

Why do we need an EU-wide single window for customs?

EU customs authorities and partner competent authorities (PCAs) enforce a sheer volume of EU regulatory requirements relating to, among others, health and safety, environmental protection and agriculture at the EU's external borders. In addition to these EU requirements, EU Member States introduce their own national requirements. Today, the reality is that border authorities often work in silos, using unaligned systems and processes, leading to inefficient handling of cross-border trade and procedures that are susceptible to error and fraud. The various directorates within the EU and at national level have developed many pieces of legislation, without sufficient cooperation and coordination of their activities. In recent years, a lot has improved already, as for example, DG MOVE, DG SANTE, DG TRADE and DG TAXUD have started to work much closer with each other. But the fact remains that these pieces of legislation, developed independently, have led to isolated administrative procedures which overlap, creating burdens for trade due to duplication of information and procedural redundancies. This complex regulatory setting, combined with lack of coordination and fragmented interoperability between border agencies, generates burdensome reporting obligations for economic operators involved in cross-border trade.

These issues are inherently transnational and affect the EU Customs Union and Internal Market. Existing single window initiatives in EU Member States have partially helped to address these problems, but they have encountered issues related to policy priorities and resource constraints, causing uneven harmonisation and a potential distortion of competition. Therefore, a centralised digital solution at EU level will more effectively address the existing fragmented model of regulatory compliance. The aim of the EU Single Window Environment for Customs is to establish a harmonised and interoperable set of integrated electronic services at Union and national level to enhance information sharing between border authorities and to reduce administrative burden on business at the time of customs clearance. Furthermore, measures to streamline the reporting obligations for economic operators should be harmonised to achieve a level playing field across the EU.

What are the key elements of the European Commission's proposal?

The European Commission's proposal for EU Single Window Environment for Customs concerns EU non-customs regulatory formalities for which information is available in an EU system. A central module, EU CSW-CERTEX, will connect these systems to the national customs systems in a uniform way, allowing the automated verification by customs of these EU non-customs formalities and also automated quantity management at EU level (Government-to-Government (G2G) connection). This central infrastructure will provide common services, such as business and technical transformation, to render the customs and non-customs domains interoperable. The formalities covered by the G2G connection are outlined in the Annex to the proposal, including respective deadlines for their application. In order to establish a level playing field for economic operators, the procedural rules for the national single window environments for customs will be harmonised, whereas the EU Member States will remain responsible for the development and maintenance of the national environments.

To provide additional trade facilitation, the national single window environments for customs will become a single access point for economic operators to fulfil the relevant customs and EU non-customs formalities required for placing goods under customs procedures (Business-to-Government (B2G) connection). This option calls for customs to act as a hub for receiving information from economic operators related to a range of non-customs regulatory requirements. This could lead to increased coordination between authorities, and if effectively implemented, it would harmonise data models between customs and PCA systems, allowing them to share information more easily. The European Commission will identify the EU non-customs formalities that could be covered under this B2G aspect, based on a set of criteria relating to their legal and technical feasibility. The customs declaration data and the PCA data set(s) will constitute an integrated declaration including all data required for clearance of the goods. The deadline for implementation of the B2G connection is foreseen for 2031.

In addition, to help streamline the exchange of information, the proposal provides for the use of the Economic Operator Registration and Identification system (EORI) by PCAs. It also includes important provisions governing data usage and storage. Notedly, the European Commission is required to report on the functioning of the EU Single Window Environment for Customs regularly as of 2028.

Prioritise on G2G cooperation

CLECAT believes that G2G cooperation is the first aspect of the customs single window that needs to be solved. The G2G component addresses the question how customs authorities and PCAs can automatically and effectively exchange, cross-reference and verify information for the customs clearance process when an economic operator submits a customs declaration requiring the

compliance of non-customs regulatory formalities. The G2G component will improve the customs clearance process in terms of efficiency, thanks to the automation of documentary controls by customs authorities. Customs will be able to verify information that is already available, which will reduce the cases where economic operators would need to provide the supporting documents to customs. The G2G connection will also help to better coordinate controls between customs and PCAs. This will lead to faster clearance and fewer delays.

While CLECAT supports the approach undertaken by the Commission on the G2G dimension, we would like to outline a couple of important recommendations for effective implementation and continued relevance:

- *Ensure higher level of ambition:* CLECAT believes that the G2G aspect suffers from a lack of ambition and that its scope should be extended to more EU non-customs formalities in addition to those which are already specified in the Annex. We understand that the Commission and Member States may have preferred to prioritise regulatory requirements with higher volumes, rather than immediately covering all regulatory requirements in the scope. While the proposal merely provides the possibility to extend the scope of the Annex, from a trade perspective, we believe that this must be pursued to the highest extent possible. Only the increased digitalisation of EU non-customs regulatory requirements will make the efficiency of a central connector and the G2G cooperation more relevant in the future. For instance, there are formalities that are fully integrated or being integrated into EU CSW-CERTEX, such as the FLEGT certificate for imports of timber, the international trade in endangered species of wild fauna and flora certificate (CITES) and EU Dual-use licence (DUES). There are also other formalities, such as waste shipments and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) the incorporation of which could bring additional facilitation for trade, and which should be further considered.

- *Ensure monitoring and evaluation of implementation:* CLECAT highlights the importance of continuous monitoring and regular evaluation of the functioning of the EU Single Window Environment for Customs and the performance of EU CSW-CERTEX. The first report on the implementation should be provided even before 2027, given that the dates of application of most EU non-customs formalities listed in the Annex is 2023. It is necessary to take stock of the progress made, identify gaps and areas for improvement, as well as recommendations for the future on a more regular basis, in order to ensure uniform and effective implementation across all EU Member States.

B2G cooperation has potential, but requires in-depth analysis and continuous evaluation

The G2G services do not resolve the issue of economic operators having to communicate separately with both customs and other border authorities to place goods under a specific customs procedure. The B2G connection could address this gap and provide further benefits for trade in terms of efficiency and simplification. The B2G single window services will aim to streamline reporting formalities by allowing economic operators to submit all the necessary data required by customs and non-customs legislation at a single-entry point. As a result, the B2G cooperation will have the potential to improve business processes for lodging customs and non-customs data. Instead of having to submit documents to different authorities at different times, and in different formats, this option would rationalise the process, ensuring that customs and non-customs data can be submitted and dealt with together. Additionally, harmonisation in the B2G connection will provide for a level playing field for economic operators across the EU in terms of trade facilitation and simplification.

While CLECAT supports the ideology of the B2G connection, we would like to outline some concerns regarding its technical and practical application, as well as recommendations for proper and effective implementation:

- *Ensure prior in-depth analysis of application*: CLECAT believes that the European Commission should carefully analyse how the B2G connection could function in legal, practical, and technical terms, and which EU non-customs regulatory formalities could undergo the B2G scheme. While CLECAT supports the ideology of the B2G connection, we believe that it requires careful in-depth analysis, including cost-benefit analysis. Without a proper prior assessment, as well as effective implementation, it might lead to additional unnecessary burdens due to regular systems updates, without practical benefits for economic operators in terms of facilitation and efficiency.

- *Ensure technical and practical feasibility*: CLECAT would like to stress the importance of not making ideas and principles, such as reporting-only-once, single access point or digitalisation, goals in themselves. They should always be seen as possible means to achieve the eventual goal of reducing the administrative burden for all actors in the logistics chain. This should primarily be achieved through data and process harmonisation. Member States' administrations would need to adapt their IT systems and processes so that the data for customs and non-customs purposes can be lodged at a single-entry point and reused as appropriate. A framework for data harmonisation and rationalisation will be needed to enable the reuse of data in line with the 'reporting only-once principle'. Otherwise, rather than achieving the goals of the B2G cooperation as originally intended, more burdens will be created for economic operators.

- *Ensure monitoring and evaluation of implementation*: We would like to further stress the importance of regular monitoring and evaluation of the progress of implementation, as well its impact for both authorities and economic operators in all EU Member States. CLECAT believes that it is pertinent to ensure that the B2G aspect of the EU Single Window Environment for Customs delivers the benefits for trade in an effective way, as originally intended, and that it does not lead to additional unnecessary burdens.

Call for an ambitious but realistic timeline for implementation

In view of the importance of the initiative, CLECAT believes that the timeline for implementation needs to be realistic, taking into account the available capacity and technical feasibility. It is important for economic operators in the EU to be able to reap the benefits of increased trade facilitation and simplification, that will be created with the EU Single Window Environment for Customs. However, the ongoing implementation of the Union Customs Code (UCC) will keep customs authorities and economic operators busy until at least 2025. It is therefore crucial to provide enough time for careful analysis and proper implementation by both authorities and economic operators, as well as harmonised application in all EU Member States towards a level playing field.

CLECAT remains at the disposal of interested parties for any further information.

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