

Mr Paolo Gentiloni  
Commissioner for Economy  
European Commission  
Rue de la Loi 200  
1049 Brussels

Brussels, 27<sup>th</sup> September 2022

**Subject: Customs Reform in the European Union**

Dear Commissioner Gentiloni,

As representatives of the undersigned trade associations of the Trade Contact Group, we write to you to share our perspective on various recent customs policy related initiatives that are being prepared by your administration.

First and foremost, we would like to express our general support for the Commission's objectives to further strengthen the Single Market for Customs, building on the recommendations made by the Wise Persons Group earlier this year. We recognize the importance of further reform of the Union Customs Code to stay fit for purpose in a rapidly changing international trade environment, taking the interests of European business, citizens and changing supply chain solutions into account. The interests of our organizations and members are well aligned with the European Union in this respect.

Secondly, we also consider it of great importance that further plans and proposals for reform result from an open and constructive exchange between the political, administrative, and operational parties, including the members of the Trade Contact Group, as this is the only approach that can result in successful reform based on realistic objectives and implementation plans.

The European Union has gone through various phases of customs reform and lessons can be drawn from the earlier efforts related to the MCC and UCC and the delays that had to be accepted during implementation. During these earlier reform efforts, it has become clear that the introduction of new procedures and related IT systems changes have created significant challenges for national customs administrations and private sector parties affected by these changes. The timelines set in previous efforts have not always been realistic leading to temporary and alternative solutions, having a negative impact on the original objectives of the reform.

These systems are required to fully implement the Union Customs Code, allowing Customs Authorities to collect duties and taxes more effectively, to protect the single market and its citizens, as well as to provide legitimate trade with more efficient procedures, including the trans-European system for Centralised Clearance at import. It is in the interest of us all – Commission, Member States, and private sector stakeholders – that we bring this process to a successful conclusion before entering in a next phase of customs reform. Economic operators continue to invest substantial amounts of time, resources, and funds to update their IT infrastructure to comply with various legal requirements. Several Member States have

already requested derogations to the original (delayed) timeline. Based on our expertise and engagement we anticipate that many of the published timelines will not be met, requiring the Commission once more to change article 278 of the UCC related to the use of specific systems by a certain date for customs activities.

Whereas the dialogue between the Commission and the Trade within the context of the TCG has in the past proven to be an effective platform to review and address these concerns, we are concerned about the recent lack of communication and exchange with your administration as reflected in the postponement of TCG meetings. Given the importance of a permanent dialogue in this critical phase of the reform we hope that formal and informal communication channels can be restored quickly.

Restoring a robust dialogue with all stakeholders is also essential for the development of a realistic proposal for further reform of the Customs Union as a follow up to the recommendations of the Wise Persons Group. We understand that DG Taxud is in the process of preparing a proposal for reform with the intention to present this to the Council by the beginning of December of this year.

To date, your administration has not clarified its general plans with the Trade Contact Group members. A TCG meeting – planned for September – has been rescheduled for October. This means that any form of consultation will be limited to approximately 10 weeks. The above process not only lacks any adequate form of proper trade consultation, but it also makes it impossible for economic operators to seriously reflect upon and to meaningfully contribute to the proposal.

Consultation with industry about the means of achieving desired policy outcomes is as essential as the policy end-goal itself. This is where industry expertise and knowledge can prove most useful to regulators, in the design of measures tailored to achieve the EU's policy objectives. This type of dialogue is currently missing. Within the TCG, our trade associations have subject matter experts from different Member States, that are well informed about the economic reality as well as the legal framework, with a vast experience of customs legislation as well as the supply chain. Our members are submitting most customs declarations in the European Union, as such they are critical to the health of EU Trade and provide a practitioner's perspective to this effort.

We urge the Commission to look at the members of the TCG as a resource that can contribute to a realistic plan for customs reform and follow a due diligence process in terms of trade consultation, to avoid further delays and uncertainty. We ask the Commission to share its proposals as soon as possible with Trade, allowing the parties that will be subject to the new legislation sufficient time for review and feedback.

We remain at your disposal for further clarification of the concerns expressed in this letter and look forward to an opportunity for a review at your earliest convenience.

Yours Sincerely,



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IATA



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