



CONFIAD PAN EUROPEAN NETWORK

**CONFEDERATION INTERNATIONALE DES AGENTS EN DOUANE – INTERNATIONAL FEDERATION OF
CUSTOMS BROKERS AND CUSTOMS REPRESENTATIVES**

**CONFIAD’S POSITION PAPER – COMMENTS ON THE REPORT BY THE WISE PERSONS GROUP ON THE
REFORM OF THE EU CUSTOMS UNION**

August 2022

This paper discusses the position of Confédération Internationale des Agents en Douane (“**CONFIAD**”)¹ in relation to the Wise Persons Group’s (“WPG”) report on the reform of the EU Customs Union of 31 March 2022.

The present position paper has been prepared in the context of the ongoing public consultations on the reform of the EU Customs Union and includes comments agreed among the members of CONFIAD on each of the recommendations expressed in the above-mentioned WPG’s report.

By way of background, CONFIAD was founded in 1982 as the organisation of the European Customs Brokers, with the purpose of defending and coordinating the professional interests of its members, supporting the harmonisation of the legislative, professional and customs regulations at European level. The members of CONFIAD are national associations representing customs brokers in several EU Member States. CONFIAD has a permanent presence in Brussels and regularly contributes to the policy-making activities of the European Institutions in the areas of customs.

Please find below CONFIAD’s position in relation to each one of the ten WPG’s recommendations.

Recommendation 1: Relaunching the Customs Union

The European Commission by the end of 2022 tables a package of reforms, including of the Union Customs Code, implementing the recommendations contained in this report, relating to processes, responsibilities and liabilities, and governance of the European Customs Union.

CONFIAD’s position:

CONFIAD agrees that the Union Customs Code (“UCC”) reform package at this time is crucial as the economic and geopolitical scenario has totally changed, making the customs regulations in force no longer fit for international trade and market developments. However, any proposed change should not affect the Member States’ ability to determine, as provided for by the UCC, the conditions of access to customs representation.

¹ Transparency Register Number 900179622923-45.



Recommendation 2: A change of paradigm on data

Introduce a new approach to data, focussed on obtaining better quality data based on commercial sources, ensuring it is cross-validated along the chain, better shared among administrations, and better used for EU risk management. Clarify which private actors – including e-commerce platforms - must provide data, with costs for non-compliance. Provide businesses with a single data entry point for customs formalities and a single window/portal. Data to be stored and properly managed in a central data warehouse. The existing budget for 2021-2027 could be refocused for these goals.

CONFIAD's position:

In CONFIAD's view, the introduction of a single window/portal may indeed be a positive development within the broader framework of the UCC reform. Customs representatives must remain involved, in view of their high level of expertise and knowledge, in processing data in the single window/portal thereby guaranteeing the correct execution of customs operations. Data processing should be properly managed and regulated, ensuring its operability in day-to-day transactions.

Recommendation 3: Fostering cooperation between customs and market surveillance authorities, law enforcement bodies and tax administrations

Setting up of a comprehensive framework for cooperation, including data sharing between European Customs, with Market Surveillance Authorities, other Law Enforcement bodies and tax authorities for a comprehensive management of risks at EU level.

CONFIAD's position:

A harmonized and uniform application of risk management is essential for the purpose of the simplifications which are set to come into force in the future, such as Centralized Customs Clearance, EIDR and self-assessment. A comprehensive management of risks at the EU level is also needed to ensure that customs play an active role in consumer protection.

Recommendation 4: Rebuilding the role of the centre: the need for an EU Customs Agency

A European Customs Agency should be set up to provide EU value-added services to the Commission and the Member States. Its governance should respect the existing allocation of competences.

CONFIAD's position:

CONFIAD welcomes the WPG's suggestion for the creation of a European Customs Agency, which would reinforce customs enforcement in the EU. In CONFIAD's view, the European Customs Agency should have the fundamental task of ensuring the correct and uniform application of the rules of the UCC and its delegated and implementing acts across the 27 Member States. In particular, in addition to the tasks listed



in the WPG's report, the European Customs Agency should be responsible for auditing the customs authorities of Member States, coordinate centralized clearance and manage the trader portal in order to ensure uniform application of the EU customs law and avoid traffic distortions. The Agency should not make interaction between customs representatives and the Commission or Member States more complicated. Industry operators and associations should be granted a possibility to submit questions or file petitions before the new Agency to obtain clarifications on the uniform interpretation and application of the EU customs law.

Recommendation 5: Responsibility and trust – towards a system-based approach

Introduce a System-Based Approach centred on a reformed Authorised Economic Operator scheme expanded in scope, multi-layered and more effective, to better facilitate trade with trust.

CONFIAD's position:

In CONFIAD's view, the Authorised Economic Operator's ("AEO") system has not produced the expected benefits to date. In particular, the procedures for the recognition of the AEO status are not applied in a harmonized manner in the Member States, despite the existence of common EU guidelines.

CONFIAD agrees that it is necessary to reform the AEO legal framework, make it more effective, and enhance the benefits arising from it as compared to the position of other non-certified operators.

CONFIAD particularly welcomes the WPG's recommendation to make the AEO "multi-layered". In this respect, it would be appropriate to create a specific AEO Customs Representative ("AEO CR") role. This status would be reserved to customs representatives/professionals who have gained a demonstrable high degree of expertise in customs matters and want to offer services in several EU countries. Most notably, customs representative whose competence is certified pursuant to *European Standard EN 16992:2017 - Competency for Customs Representative* should be granted the AEO CR status. AEO CRs could also be entrusted with the power to carry out, on behalf of the customs administrations, certain authorisation activities in the framework of customs procedures and simplifications.

CONFIAD also welcomes the WPG's plea to take into account the "specific needs of SMEs" in "reforming the AEO scheme."

Recommendation 6: So, it's ABC – Authorised, bonded or subject to greater control

Introduce a new ABC model (Authorised, Bonded or subject to greater Control), in which operators would seek Authorised Economic Operators status to gain commercial access to the EU market. Failing this, a bond provided to an AEO, against which the EU authorities may levy a significant charge for mis-declaration or rule breaches, may allow access to the market. Small non-commercial consignments would continue to be sent through the usual processes, but without priority and subject to a level of controls that reflects their "non-trusted" status.



CONFIAD's position:

In CONFIAD's view, the AEO must be valued, privileged and favoured in trade, as well as uniformly implemented, while at the same time avoiding an unfavourable regulatory scenario for SME operators. In view of their organisation and structure, these operators are unable to satisfy in whole or in part the criteria set out in Article 39 UCC. SMEs cannot be excluded from the future "multi-layered" AEO system to the benefit of larger, vertically integrated players in the logistic industry.

Recommendation 7: Exemption Thresholds

Remove the customs duty exemption threshold of EUR 150 for e-commerce and provide some simplification for the application of Customs duties rates for low value shipments.

CONFIAD's position:

CONFIAD is in principle in favour of eliminating the minimum threshold of EUR 150, as it believes this threshold creates opportunities for under-valuation and a loss of customs revenues. At the same time, CONFIAD stresses that the elimination of the threshold needs to be paired up with a clarification on the rules on valuation (valuation of small consignments is extremely problematic).

Recommendation 8: Green Customs

To implement a package of measures to green EU Customs.

CONFIAD's position:

Based on the WPG's recommendation, CONFIAD urges DG TAXUD to consider revising the Combined Nomenclature to identify and properly classify environmentally friendly products that the EU wants to promote in international trade, with a view of providing for better tariff treatment for them.

Recommendation 9: EU Customs fit to lead changes

Properly resource, skill and equip Customs to ensure their capacity to fulfil their missions.

CONFIAD's position:

CONFIAD believes that customs administrations should be equipped with all the IT technologies necessary to fulfil their institutional tasks and ensure the uniform application of the EU customs law. Such IT technologies should be made evenly and fairly available across the 27 EU Member States in order to avoid distortions in trade flows. The task of equipping the 27 customs authorities should be managed and controlled by the European Customs Agency.



Recommendation 10: Better manage revenue collection

Introduce an annual Customs Revenue Gap Report based on an agreed methodology and data framework to better manage Customs revenue collection.

CONFIAD's position:

In CONFIAD's opinion, customs revenue management should consider the instances of diversion of customs traffic from one EU Member State to another, analyse the reasons for such a diversion (e.g. different legal and practical standards in certain EU Member States as opposed to others), and assess the impact on the country that has lost resources.

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CONFIAD would like to thank the Commission for its attention and for the opportunity granted to present its position. CONFIAD remains at the Commission's full disposal should there be questions or request for clarifications.

For CONFIAD

Massimo De Gregorio

President