



INT/916
Customs Union Action Plan

OPINION

European Economic and Social Committee

**Communication from the Commission to the European Parliament, the Council and the
European Economic and Social Committee -
Taking the Customs Union to the Next Level: a Plan for Action**
[COM(2020) 581 final]

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Section responsible	Single Market, Production and Consumption
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Adopted at plenary	24/03/2021
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Outcome of vote (for/against/abstentions)	260/0/6

1. **Conclusions and recommendations**

- 1.1 The EESC welcomes the very concrete Action Plan for the next five years to support national customs authorities. Once implemented, with regular impact assessments, it will lead to real modernisation of customs across the EU.
- 1.2 Although modernisation started in 2016 with the introduction of the Union Customs Code (UCC)¹, recent developments such as growing trade flows, a flourishing e-commerce sector, customs duties and VAT avoidance, illicit trafficking and undervaluation of goods all require an immediate, coordinated response. The departure of the United Kingdom from the Customs Union (CU) is already creating a heavier workload and particular challenges for customs authorities.
- 1.3 Such an ambitious plan requires adequate shared financing. The EESC is not sure that all Member States are ready to embrace the proposed timetable and put their share of the money on the table.
- 1.4 Enhanced cooperation and interoperability between customs and other law enforcement authorities and administrations are rapidly needed. Sharing best practice could also enhance the productivity of customs services, while proper management of the large amount of data available could allow intelligent supervision of supply chains to be put in place and enhance foresight capabilities.
- 1.5 Customs authorities should be provided with adequate resources for all the non-financial responsibilities, while minimum standards for control and for the number of staff required should be introduced. The EESC considers it extremely important to adopt implementing acts for the market surveillance regulation² as soon as possible.
- 1.6 The extremely lengthy approval process for the next MFF and the difficulties for the EU 27 leaders of agreeing on very important actions are jeopardising both proper recovery of the EU economy and the immediate support needed by citizens and businesses alike.
- 1.7 The EESC recommends immediately exploring the introduction of blockchain technology in the proposed action plan. Furthermore, the technological progress and existing innovative solutions that robotics and artificial intelligence possess could be easily implemented with immediate, relevant results.
- 1.8 The EESC suggests that special attention be paid to the most vulnerable entry and exit points and appreciates that the strength of the Customs Union is determined by its weakest link. A compliant, more coordinated and integrated risk management system would narrow the gaps between authorities and strengthen the weakest links in the chain. Hence the new risk management strategy announced for Q2 2021 is to be welcomed.

¹ [OJ L 269 10.10.2013, p. 1.](#)

² [OJ L 169, 25.6.2019, p. 1.](#)

- 1.9 Specific financial resources have to be provided for interconnecting ICS2 with other electronic systems. The EESC highlights the importance of proper management of such a complex network.
- 1.10 The EESC points to the need to ensure sufficient human resources, as well as proper training for these staff in implementing pre-loading and pre-arrival data analytics. It has already called for *common training frameworks to be developed based on the European Union Customs Competency Framework*³.
- 1.11 The creation of an EU hub for tax information within the Eurofisc tax anti-fraud services is a significant improvement, and the EESC is looking forward to the Commission's assessment in this regard.
- 1.12 E-commerce is a very important sector for SMEs. The EESC is worried that the communication makes no mention of creating a favourable framework for SMEs through this ambitious action plan.
- 1.13 The EESC considers that platforms have important data that customs could use, but would need to make specific investment in IT software such as automated robotic systems. They should be provided with financing for gathering data they would not otherwise need. However, the EESC welcomes the Commission's current revision of the role and obligations of online marketplaces.
- 1.14 A comprehensive analysis of the Union's international systems of cooperation and mutual administrative assistance in customs matters is needed fast. It would lead to better enforcement.
- 1.15 The EESC welcomes the proposal to deploy the EU Single Window environment and expresses its full support for this.
- 1.16 The EESC is worried that, in the event that the controversial proposal for an EU Customs Agency project is not endorsed by the Member States, the management of such a complex and interlinked system would place a further burden on Commission departments.
- 1.17 The EESC firmly believes that involving social partners and civil society organisations will help implement such an ambitious Action Plan, while ensuring broad distribution of the benefits it brings to the public and businesses alike.

2. Introduction

- 2.1 The EU Customs Union has been in existence since 1968 and deals with all trade in goods across the 27 Member States. Each year, the Customs Union facilitates trade in more than EUR 3.5 trillion worth of goods, while every second, EU customs authorities deal with 27 items declared.

³ [OJ C 62, 15.2.2019, p. 67 - EESC opinion on Establishing, as part of the Integrated Border Management Fund, the instrument for financial support for customs control equipment.](#)

- 2.2 On 28 September 2020, following the political guidelines announced by Commission President Ursula von der Leyen at the beginning of her term of office, the European Commission (EC) published an ambitious action plan to upgrade the Customs Union by making it smarter, simpler and more digitally effective by 2025. This would impact positively both on EU revenues and the security and safety of European citizens. Furthermore, businesses would benefit from simpler and faster reporting obligations.
- 2.3 The EESC has already underlined that *"an effective customs union is a prerequisite for the European integration process in order to guarantee the efficient, safe and transparent free movement of goods. It offers maximum protection for consumers and the environment, with better quality jobs, and an effective means of combating fraud and counterfeiting"*⁴.
- 2.4 Therefore, the EESC welcomes the very concrete action plan for the next 5 years, with 30 planned and timetabled actions under four strategic policy headings to support the national customs authorities: risk management, e-commerce management, compliance promotion and customs authorities acting as one.
- 2.5 The current customs system has demonstrated shortcomings and weak links, while the large amount of data shared across customs in all Member States is not used efficiently. The European Parliament and the European Court of Auditors have already expressed their concern regarding the loss of revenue due to ineffective customs controls on imported goods.
- 2.6 Customs duties represent an important part of the EU budget, accounting for roughly 14% of total revenue. The Commission's anti-fraud office (OLAF) has reported that customs fraud is widespread and has recommended the recovery of over EUR 2.7 billion in customs duties for the 2017-2019 period. Counterfeit imported goods from third countries are estimated at EUR 121 billion per year, while breaches of intellectual property generate more than EUR 83 billion in sales and cause EUR 15 billion of tax revenue to be lost.
- 2.7 On the positive side, almost 100% of customs declarations are sent electronically.

3. General Comments

- 3.1 The Customs Union needs rapid investment for a coordinated update of both software and human capabilities. Although modernisation started in 2016 with the introduction of the Union Customs Code⁵, growing trade flows, a flourishing e-commerce sector, customs duty and VAT avoidance, illicit trafficking and undervaluation of goods all require an immediate and coordinated response. Furthermore, customs are responsible for checking goods for many non-financial purposes. The EESC appreciates that the strength of the Customs Union is determined by its weakest link and therefore suggests special attention be paid to the most vulnerable entry and exit points. Member States should make full use of the new Customs Control Equipment

⁴ [OJ C 367, 10.10.2018, p. 39.](#)

⁵ [OJ L 269 10.10.2013, p. 1.](#)

Instrument, which is specially designed to help with the purchase, maintenance and replacement of state-of-the-art customs equipment.

- 3.2 The departure of the United Kingdom from the Customs Union (CU) is already creating a heavier workload and special challenges for customs authorities. The number of customs declarations is expected to grow significantly, together with the reintroduction of customs controls.
- 3.3 Enhanced cooperation and interoperability between customs and other law enforcement authorities and administrations is rapidly needed. The EESC has already warned that *"cooperation between the various authorities and institutions in the Member States - police, intelligence, judicial, customs and tax - is far from optimal"*⁶.
- 3.4 Customs are very much involved in the fight against terrorism and organised crime. In 2019 alone, customs seized 400 tonnes of drugs, 3699 firearms and 3.5 billion items of tobacco and cigarettes. 11.5% of all cash declarations have been incorrect, amounting roughly to EUR 331 million⁷.
- 3.5 Data management is extremely important for a sector that benefits from large quantities of declarations, product information, taxes etc. Mastering the large amount of data available would represent an immediate and major improvement over the current customs system and would also facilitate a better and conclusive response to the growing challenges. It would also enable intelligent supervision of supply chains and enhanced foresight capabilities.
- 3.6 The EESC is rather disappointed that, in the very last sentence of the communication, the Commission has invited ONLY the European Parliament and the Council to support this action plan, not at all including the European Economic and Social Committee. It is our firm belief that the involvement of social partners and civil society organisations will help implement such an ambitious action plan, while ensuring broad dissemination of the benefits it brings to the public and businesses alike.

4. **Specific comments**

- 4.1 From the outset, the EESC appreciates the ambitious roadmap and concrete deadlines for implementing the actions. This is a clear step forward and, once implemented and together with regular impact assessments, will lead to the real modernisation of customs across the EU.
- 4.2 Such an ambitious plan requires adequate financing. While some of the proposed actions require shared funding, and with the EU ready to play its part in the game, the EESC questions whether all Member States are ready to embrace the proposed timetable and put their share of the money on the table. Only thoroughly coordinated funding and implementation would ensure the success of the proposal.

⁶ [OJ C 246, 28.7.2017, p. 22.](#)

⁷ [2nd Biennial Report on Progress in Developing the EU Customs Union and its Governance.](#)

- 4.3 The EU has, however, shown that it has fragile structures and has demonstrated delayed and uncoordinated responses to critical situations, the COVID-19 pandemic included. The call by the French President Emmanuel Macron for the reorganisation of the Schengen Area and his request to reanalyse the free movement of people in the Union are as serious as they are worrying.
- 4.4 Furthermore, the incredibly lengthy approval process for the next MFF is jeopardising the proper recovery of the EU economy and the immediate support needed by the public and businesses alike. It seems more and more complicated for the EU 27 leaders to agree on very important actions, while the length and indecisive nature of the solutions demonstrate that the EU governance system is obsolete and inefficient.
- 4.5 Although already discussed and analysed in 2018, the current proposal does not include any use of blockchain technology. The EESC considers that the customs system has just the right structure for embracing such developments and recommends immediately exploring the introduction of blockchain technology in the proposed action plan.
- 4.6 The EESC further notes that there is absolutely no analysis of the possible use of robotics and artificial intelligence for updating customs operations. It believes that the technological progress and existing innovative solutions that robotics and artificial intelligence possess could be easily implemented in such a complex action plan, with immediate and relevant results.
- 4.7 **Risk management**
- 4.7.1 Since the introduction of the security amendments to the Community Customs Code in 2005, the EU has already been performing risk management activities based on two lines of defence: assessing in advance and controlling before and after goods enter the customs territory. The EESC considers that the biggest challenge arises from uncoordinated application of procedures across the Member States and the lack of information being shared between countries. Ensuring a compliant, more coordinated and integrated risk management system would narrow the gaps between authorities and strengthen the weakest links of the chain. Hence, the new Risk Management Strategy announced for Q2 2021 is very promising.
- 4.7.2 Digitalisation and the rise of e-commerce make it easier for consumers to shop online from all around the world. However, not all products comply with the European high standards for product safety and/or consumer protection. This comes often as a surprise to consumers. The EESC welcomes the aim of strengthening the risk management process in order to better protect the single market and especially its citizens from non-compliant and unsafe products.
- 4.7.3 The proposal to launch a Joint Analytics Capabilities Initiative is definitely a step forward. Sharing data with anti-fraud enforcement authorities is also to be welcomed. However, the EESC wonders if the required financing is going to be available for the interconnection of ICS2 with other electronic systems. The next immediate concern relates to the management of such a complex network and the specialised and properly-trained human resources needed.

4.7.4 Furthermore, the EESC is worried that, in the event of the new EU Customs Agency project not being endorsed by Member States, the management of such a complex and interlinked system would place a further burden on existing Commission departments.

4.7.5 The EC has proposed to implement pre-loading and pre-arrival data analytics for all products and all means of transportation up to 2024. It is however not clear what kind of human resources are going to be needed in each Member State or the level and length of training required for such personnel. The same goes for the additional risk management process that is planned for the "after arrival" procedures. The EESC has already called for *common training frameworks to be developed based on the European Union Customs Competency Framework (EU customs CFW), which aims to harmonise and raise customs performance standards throughout the EU*⁸.

4.8 **Managing e-commerce**

4.8.1 E-commerce has brought important benefits and opportunities for both the public and businesses. However, it adds significant challenges in terms of tax and customs compliance for traded goods and also regarding the large number of clearance requests for a wide range of controls for non-financial purposes, including safety, security and intellectual property. The EESC acknowledges the significant role played by customs authorities in preventing non-compliant and/or unsafe products from entering the single market, and concludes that these authorities need to be provided with adequate resources for all the non-financial responsibilities too.

4.8.2 Implementation of the VAT e-commerce package⁹ as of 2021 is expected to bring significant revenues for Member States' budgets and generate a level playing field for the business environment. Creating an EU hub for tax information within the Eurofisc tax anti-fraud services is seen as a significant improvement for providing access to information for customs authorities. The EESC is looking forward to the Commission's assessment in this regard.

4.8.3 The EESC considers that the best way to regulate and manage e-commerce is through enhanced cooperation with other countries within the OECD and the G20. It has *already highlighted that both tax policies applicable to the digitalisation of the economy and the devising of instruments and working solutions must be coordinated at international level*¹⁰.

4.8.4 E-commerce is a very important sector for SMEs. However, trans-border commerce is already fragmented due to various existing barriers and the EESC is worried that the communication does not make any reference to creating a favourable framework for SMEs through this ambitious action plan. According to the September Eurobarometer, only 4% of SMEs sell their goods to consumers in other Member States¹¹.

8 [OJ C 62, 15.2.2019, p. 67.](#)

9 [Modernising VAT for cross-border e-commerce.](#)

10 [OJ C 364, 28.10.2020, p. 62https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/taxation-collaborative-economy-reporting-requirements-additional-opinion.](https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/taxation-collaborative-economy-reporting-requirements-additional-opinion)

11 [Flash Eurobarometer 486.](#)

4.8.5 The proposal to impose customs reporting obligations on platforms is a potential burden for legitimate businesses. Platforms do have important data that customs could use, but would need to make specific investment in IT software that can gather and provide this data. The use of automated robotic systems should be immediately explored, as these could be invaluable in easing the reporting obligation process. Furthermore, the EESC considers that these companies should be provided with necessary funding if they are asked to gather data that they would not otherwise need. Managing this data is extremely important in tackling customs and VAT fraud, undervaluation, false origin declarations etc. The EESC has already called for *the development of a European standard for collecting data and information on their own users that platforms will have to communicate*¹².

4.8.6 However, the EESC welcomes the Commission's current revision of the role and obligations of online marketplaces, which should have more liability and responsibilities when it comes to checking that the goods sold on their platforms are compliant and safe.

4.9 **Promotion of compliance**

4.9.1 Trusted traders are already rewarded with a benefit scheme for their compliance with EU customs legislation. The EESC supports the proposed monitoring of existing preferential agreements with third countries; a comprehensive analysis of the EU's international systems of cooperation and mutual administrative assistance in customs matters would lead to better enforcement.

4.9.2 The proposal to deploy the EU Single Window environment is a win-win project and the EESC expresses its full support. The private sector would benefit from a one-action reporting possibility, while different authorities would be able to select the data needed. This is a clear step forward for all parties involved and is expected to generate up to EUR 690 million in customs administration savings for businesses during the first seven years of implementation.

4.9.3 However, it is rather difficult to understand how the proposed analysis of the Union Customs Code could suggest that the electronic systems are obsolete, less than four years after adoption of the proposal.

4.9.4 The fragmented non-compliance sanctions applied across Member States create competitive distortions of the Single Market, while enabling the appearance of weaker links within the system. Creating a solid and uniform framework would enhance the strength of the Customs Union as a whole. Although excellent in theory, the EESC wonders how the EC plans to integrate this, since the 2013 proposal on the same subject was rejected.

¹² [OJ C 364, 28.10.2020, p. 62.](#)

4.9.5 Furthermore, it is difficult to have the same level of control if the number of customs officers varies from 7 to 70 per 100 000 inhabitants, depending on the Member State¹³. The EESC recommends adding minimum standards for control and for the number of staff required.

4.9.6 The COVID-19 crisis has brought to light the shortcomings of the customs system, with several cases of non-compliant and unsafe products reaching EU soil. The EESC considers it very important to adopt implementing acts for the market surveillance regulation¹⁴ as soon as possible.

4.9.7 Furthermore, the EESC supports the proposal to pay special attention to the application of preferential origin rules and procedures to the EU's 41 Free Trade Agreements. Regarding other trading partners, especially China, the exponential growth of e-commerce has added to the existing challenges for customs. Hence the perfectly normal concern to assess and legislate where needed.

4.10 **Customs authorities acting as one**

4.10.1 Analysis shows that trans-border cooperation can be significantly enhanced. The EESC appreciates that the only way forward is to ensure more and better cooperation between customs authorities from different Member States and between customs and other national authorities. Sharing of best practice could also enhance the productivity of customs services.

4.10.2 Significant investment is needed to purchase the customs control equipment necessary for putting this cooperation into practice. The EESC notes that, in the original proposal¹⁵, the Commission has agreed to cover only 80% of the investment needed. The remaining 20% should be borne by Member States; given the financial situation in which these countries find themselves due to the COVID-19 pandemic, the EESC does not expect all 27 Member States to be able to invest these amounts in 2021.

4.10.3 Finally, the Commission is bravely putting on the table the controversial proposal of preparing by 2023 an impact assessment on the creation of an EU Customs Agency. The EESC is doubtful that Member States would agree to this.

Brussels, 24March 2021

Christa SCHWENG

The president of the European Economic and Social Committee

13 [Survey from the Union of Finance Personnel in Europe.](#)

14 [OJ L 169, 25.6.2019, p. 1.](#)

15 [COM\(2018\) 321 final.](#)
