

Brussels, 17 July 2002

**OPINION**

of the

Economic and Social Committee

on the

**Proposal for a Decision of the European Parliament and of the Council  
adopting an Action Programme for customs in the Community  
(Customs 2007)**

COM(2002) 26 final – 2002/0029 COD

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On 21 March 2002, the Council decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

*Proposal for a Decision of the European Parliament and of the Council - adopting an Action Programme for customs in the Community (Customs 2007)*  
[COM(2002) 26 final – 2002/0029 COD].

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 26 June 2002. The rapporteur was **Mr Simpson**.

At its 392<sup>nd</sup> plenary session (meeting of 17 July 2002), the Economic and Social Committee adopted the following opinion unanimously.

### **Executive Summary**

(a) The European Economic and Social Committee (EESC) welcomes this initiative by the Commission to extend and improve the work of the customs services under Customs 2007. The objectives are unexceptional and the methods proposed are logical in the fulfilment of these objectives.

(b) The EESC is, however, aware of the many critical problems still to be solved in securing more effective and efficient customs services, reducing the levels of unrecorded trade, and securing the degree of cooperation needed from, and between, Member States.

(c) A particular focus and concern of the EESC is that this Programme should be used as an opportunity to advance and enhance the customs regimes in the Applicant countries. It is important for them, individually, and the Community in total, that customs actions should be coordinated across the whole area of the Enlarged Community.

(d) The range of the proposed activities is comprehensive and necessary.

(e) Logically Customs 2007 focuses on coordinated and effective customs policies, minimising the risks of inadequate enforcement and maximising the competence and deployment of staff. With these priorities the Community, Member States and legitimate businesses will benefit from the reduction of fraud and evasion. However, the key objectives of enhanced customs policies are to improve the competitive environment for business and foster employment, and support legitimate commercial and trading activity.

(f) The need for Community-wide coordinated policies, standards, common communications technologies, enforcement and training for customs services is acknowledged.

(g) Since this is a five-year programme there must be a means of monitoring progress in the early stages and taking corrective action if necessary.

(h) A comprehensive evaluation should be conducted in collaboration with the Member States and should be based on objective criteria and indicators defined before the Programme commences. The Committee hopes that the Commission can relate the proposed actions to performance measures based on the projected outcomes from the improved methods of administering the customs regime.

(i) The Committee welcomes the willingness of the Commission to prepare a series of carefully selected impact indicators to confirm that the objectives of the programme are achieved.

## 1. Introduction

1.1 The Commission has published a Communication to the European Parliament and the Council proposing that it would be desirable to establish a new action programme for customs in the Community for a further five years from 2002 to 2007.

1.2 This proposal would result in the extension and expansion of the current programme, Customs 2002<sup>1</sup>, which is itself a two year extension of the earlier programme, Customs 2000<sup>2</sup>, which was initiated in 1996.

1.3 The recent Customs 2000 programme was reviewed, ex post, in an earlier Communication from the Commission<sup>3</sup>.

1.4 More recently, the Commission has published an interim report, ex ante, on the implementation of the Customs 2002 programme<sup>4</sup>.

1.5 The theme of these reviews of the operations and results of the past and current Customs programmes is that they have been valuable both in the re-enforcement of Community policies and in the improvement of the efficiency and effectiveness of the customs services throughout the Community.

1.6 In March 1999, the European Economic and Social Committee adopted an Opinion<sup>5</sup> on the interim report of the action programme under the Customs 2000 proposals<sup>6</sup>. The Committee broadly supported the principles and the operational schemes envisaged.

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1 OJ L13 of 19.1.2000

2 OJ L33 of 4.2.1997

3 COM (2001) 51 final of 8.2.2001

4 SEC(2001) 1329 of 31.7.2001

5 OJ C 138 of 18.5.1999

6 OJ C 396 of 19.12.1998

## 2. The Customs 2002 programme and the proposed Customs 2007 programme

### Customs 2002

2.1 The current customs programme, Customs 2002, combines a number of actions to enhance the efficiency of the customs services throughout the Community.

2.2 Amongst the key features are:

- the establishment of a Customs Policy Group and a Customs 2002 Committee which serve to bring together Commission officials and officials from Member States to define common approaches to problems and adopt measures to implement the programme;
- improved risk management assessment methods and measures to help to fight fraud;
- approved programme investment in maintaining and enhancing existing IT systems and the development of new IT systems to meet changing customs requirements;
- the use of the enhanced IT capacity to support new computer platforms such as the Common Communications Network/Customs System Interface (CCN/CSI);
- adding to these platforms the New Computerised Transit System (NCTS) and the Data Dissemination System (DDS) that gives access to information on Community tariffs (TARIC) and quotas. These databases are now receiving 2.5 mio. consultations per month;
- improved application of Community-wide customs standards;
- better cooperation to tackle the importation of counterfeit goods;
- standardisation of various activities in support of customs services, such as laboratories, product safety, chemical precursors and the use of X-ray scanners;
- external activities in support of the applicant countries;
- exchange of officials and closer cooperation between customs authorities, as in the RALFH projects for the five main seaports (**R**otterdam, **A**ntwerp, **L**e Havre, **F**elixstowe, **H**amburg) and the use of container scanners.

### Customs 2007

2.3 The proposed Customs 2007 programme will continue the work of the existing programmes and in addition it is proposed that some aspects should be enhanced and some new features added.

2.4 In setting the framework for the new programme, the Commission has articulated the main policy objectives that justify the proposals. These are:

- to foster employment by contributing towards a competitive business environment with reduced compliance costs;
- to prepare for enlargement and, after enlargement, for the full integration of the new Member States, so that all customs administrations in the enlarged Community may act as one single administration;

- to improve the protection offered by customs to the consumer and to the financial interests of the Community<sup>7</sup>.

2.5 The key objective is to ensure that Community law relating to customs policies is applied in a consistent and professional manner in all Community countries. "Customs activity is to match the needs of the Community's single market" [Art. 3.1(a), as amended by the Council]. Not only must customs activity match the needs but it is important that it is applied with an enhanced degree of consistency by each of the Member States.

2.6 The Customs 2007 programme would add new emphasis to improved computerisation, reform of transit controls, better risk analysis and controls where illegal activities are most likely, a better foundation for tackling fraud and a clearer agreed set of standards for the applicant countries in the pre-accession phases.

2.7 Whilst the primary objectives are the enhanced efficiency of the customs services of Member States, a secondary consequence of the improvements would also be the protection of the revenue as the own resources of the Community and this is acknowledged in Art. 3.1(d), as amended by the Council. This should also contribute to achieving higher standards in the administration and enforcement of customs requirements for goods entering the Community.

2.8 Critically, the programme envisages a series of accelerated moves towards e-customs with all that that implies for efficiency and moves towards paperless systems.

2.9 In addition, practical support and training for relevant staff on all aspects of Community customs provisions would be a feature of the programme.

2.10 These measures should have the effect, inter alia, of reducing customs compliance costs that, in turn, will help to ensure that customs costs do not become disproportionate to the overall benefits. A further benefit is that these measures should ensure that data input requirements, especially for customs declarations, should be further standardised.

2.11 The overall Budget cost is estimated to be **□133 mio. over the five years. Of this □18.8 mio. is earmarked for Joint Actions, with a special addition of benchmarking actions. A further □79 mio. relates to IT investments and improvements. To this must be added □22.7 mio. to assist the applicant countries to invest in interconnecting systems. Other actions add the remaining □12.5 mio.**

### 3. General comments

3.1 The European Economic and Social Committee (EESC) welcomes this initiative by the Commission to extend and improve the work of the customs services under Customs 2007. The

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<sup>7</sup> COM(2002) 26 final, Explanatory Memorandum, para. 3

objectives are unexceptional and the methods proposed are logical in the fulfilment of these objectives.

3.1.1 The EESC is, however, aware of the many critical problems still to be solved in securing more effective and efficient customs services, reducing the levels of unrecorded trade, and securing the degree of cooperation needed from, and between, Member States.

3.2 For the successful development of the internal market, the Governments and businesses in the Community need to be assured that the administration of customs services is of a high standard. Each Member State is reliant on the efforts of the others to enforce and monitor the customs requirements at the external frontiers and in the supervision of internal trade.

3.3 Successful customs services will bring uniform, consistent and high standards across the Community. The achievement of this goal calls for Community actions of the kind envisaged in Customs 2007.

3.4 Enhanced customs services need to be developed having regard to the contrasting pressures of avoiding an excessive bureaucracy yet ensuring effective enforcement procedures.

3.5 Logically, therefore, Customs 2007 focuses on coordinated and effective customs policies, minimising the risks of inadequate enforcement and maximising the competence and deployment of staff. With these priorities the Community, Member States and legitimate businesses will benefit from the reduction of fraud and evasion.

3.6 The need for Community-wide coordinated policies, standards, common communications technologies, enforcement and training for customs services is acknowledged. However, because customs services are integrated in each Member State as part of wider requirements of national administration (including for example some responsibilities for VAT, excise duties and prevention of traffic in some drugs) customs services will continue to be part of the public administration responsible to the Member States. The role of the Community at present is to ensure the appropriate levels of effective cooperation.

3.6.1 The Committee recommends that the Commission should play a more pro-active role in monitoring standards of control in Member States. This could be achieved, in part, by the appointment of a system of community-wide customs inspectors. This recommendation would be particularly relevant to helping applicant countries to adopt the necessary standards of control and vigilance at the (new) extended frontiers of the Community.

3.6.2 The example of good practice illustrated by the RALPH project (see para 2.2) should be extended by the introduction of a policy of grouping locations with common control problems, or similar trade patterns, to improve control and intelligence activity (e.g. ports in the Mediterranean). This should be linked to the exchange of officials in customs administrations (see para 4.10).

3.7 This remit obviously extends with particular emphasis to the impact of Customs 2007 on the Member States negotiating to become part of the Community.

3.8 The Committee welcomes the moves by the Commission to develop an effective Memorandum of Understanding (M.O.U.) with Member States and the applicant countries, so that the applicant countries can gain maximum benefit from the Programme and to assist them to create more efficient customs services.

3.9 In the debate on the draft decision, the Council has amended Article 3, which outlines the overall objectives. The Committee notes that the revised wording asks that customs policy should be continuously adapted to new developments "in partnership between the Commission and the Member States". This is an important clarification and emphasis.

3.10 The Committee has in the past drawn attention to the problems of fiscal fraud.<sup>8</sup> The expectation of the Committee is that, within the Customs 2007 programme, there will be a focus on the reduction of fraud and evasion. The Committee is disappointed that this objective is not emphasised more strongly. A commitment to greater sharing of intelligence, cooperation in investigations and effective action where suspect persons or businesses are identified would be invaluable in demonstrating that Customs 2007 is about positive results.

3.11 Whilst the objectives and methodology of Customs 2007 are welcome, the EESC notes that it is not possible from the published Communication to assess the "value for money" of the present and proposed actions. The Committee would welcome some reassurance from the Commission that this has been assessed in the preparation of the Programme. Some information of this type is to be found in the Interim Report on the Customs 2002 programme<sup>9</sup>.

#### 4. **Specific Comments**

4.1 The Programme should be re-enforced by an operational plan, with an outline of what is to be done and the expected results then set out as specific targets and dates etc. This will add a dynamic to the Programme that will lead and facilitate change. The Committee has been advised that a detailed action plan was prepared to implement the Customs 2002 programme and suggests that a similar commitment is needed for Customs 2007.

4.2 Since this is a five-year programme there must be a means of monitoring progress in the early stages and taking corrective action if necessary. Pre-planned dates for the periods to be covered by evaluation reports should be included with a requirement that the report be available not more than 6 months from the end of each defined period. Reports for year one (2003) and years one to three (2003-5) are suggested. This should ensure that achievements are measured against the action plan.

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<sup>8</sup> OJ C 268 of 19.9.2000

<sup>9</sup> SEC(2001) 1329 of 31.7.2001

4.3 The evaluation should be conducted in collaboration with the Member States and should be based on objective criteria and indicators defined before the Programme commences.

4.4 In particular, the EESC notes that whilst the programme points to the value of an assessment of the outcomes by the use of appropriate performance indicators, the outline programme does not refer to any quantified performance indicators from the present programme and does not suggest any specific measures for the new programme. The Committee would hope that the Commission might be more specific by relating the proposals to performance measures based on the projected outcomes of these improved methods of administering the customs regime at the external frontiers of the Community and in monitoring any internal movement of goods subject to customs supervision. The Committee welcomes the plan of the Commission to prepare a series of impact indicators for this purpose.

4.4.1 For the Programme to be successful, there will need to be an enhanced degree of cooperation with, and from, the Member States. Member States must provide adequate resources for improved performance and must accept that the Community, as a whole, depends on the commitment of individual Member States.

4.5 In Section 3 of the explanation of the proposal, referring to the evaluation of Customs 2002, there is comment on "better results" arising from an exchange of officials but this is not quantified. There is more detail in the Interim Report on the 2002 programme; SEC(2001) 1329. This refers to a study that stressed the need for more specific objectives and continuous monitoring. [see para.3.1.A]

4.6 In Section 4A, of the proposal for Customs 2007, there is reference to improvements in key high-risk areas but these are not quantified and not related to specific objectives for 2003/2007. The EESC suggests that these should be made more explicit although the need for confidentiality in the tactics to be employed is accepted.

4.7 In Section 4D there is a series of costing estimates. It seems unclear whether the item under IT Actions is a cost to the Commission or whether this is intended to cover all member and applicant countries costs. If the former, then an estimate should be provided of the costs to member countries.

4.8 Draft Decision: Chapter 1. Scope and Objectives:

4.8.1 Article 4: In the original draft, this article was described as "Specific Objectives". It has now been revised by the Council and described as "Programme Priorities" and Article 3 has been titled "Objectives". This improves the orientation of the document. The list of the priorities has been radically amended in a more useful framework. A copy of the revision made by the Council is attached as Annex 1.

4.8.2 If the programme is to generate maximum benefit in Article 4, Items [b], "*to identify, develop, and apply best working practices*" and [c] "*to establish a system of measurement of Member States' performance in Customs administration*" will need to be actioned very early in the five year programme or even set in place before the end of 2002.

4.8.3 Item [g] (formerly [e]) has now been reworded to make clearer the priority needed to emphasise the potential benefits of electronic communications within and between the customs authorities and further emphasise the aspiration to develop paperless customs procedures with improved and safeguarded access for users.

4.8.4 Under the original item [j] the proposed "managed training infrastructure" was unclear. Member States have their own training facilities and programmes that need to be coordinated where necessary and shared under joint working/exchange arrangements. The amended wording, now as item [k], changes the priority to common training measures responding to the needs arising from the programme activities. This gives the Commission a clearer responsibility to give a lead in developing an appropriate common organisational framework for training.

4.8.4.1 Logically this points to the possible value of the creation of a formal training centre where the Commission can provide training for selected officials from Member States.

4.9 Article 7 Benchmarking: This should be a priority action. The definition given should be strictly adhered to and non-specific or otherwise "woolly" measures should be avoided.

4.10 Article 8 Exchange of officials: this can be a very valuable tool in ensuring greater cooperation and improved performance/reduced compliance costs. It is not certain that the provisions of paragraphs 2 and 3 will be universally popular or accepted. Article 8.2 might be reworded as follows: in order to gain the maximum benefit from exchanges, officers shall have the necessary linguistic skills and shall be authorised, where possible, to carry out the full range of relevant duties in the customs administration of the host country. Host administrations will exercise their discretion to ensure that no legal difficulties occur and that enforcement actions, investigations and intelligence operations are not jeopardised in any way.

4.11 Article 9 Seminars: this should be a very valuable part of any programme but one that needs to be carefully controlled. There must be an insistence that participants are suitably qualified by their experience and responsibilities. Recommendations from such groups should be clear and concise. The organising Directorate in the EC should ensure that the event is costed and evaluated on a value for money basis.

4.12 Article 11 Monitoring: this proposal to monitor specific sections of Community customs legislation should be made more specific and firmed up and agreed with the customs administrations of Member States before the start of the programme.

4.13 The obligations of Member States in respect of the apportionment of costs might be more clearly defined in respect of the various proposed actions.

4.14 Critical to the success of the programme and the enhancement of the standards of effective customs services is a series of working agreements and methods involving each of the Member States and supervised by the Commission. These should include arrangements for tighter controls, common policies on surveillance and random checks and a balance of new techniques and official staffing at appropriate levels.

Brussels, 17 July 2002.

The President  
of the  
Economic and Social Committee

The Secretary-General  
of the  
Economic and Social Committee

**Göke Frerichs**

**Patrick Venturini**

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**N.B.** Appendix overleaf.

## APPENDIX

### **Action programme for customs in the Community (Customs 2007) – Articles 3 and 4 as amended by the Council.**

#### **Article 3 - Objectives**

1. In the framework of the management of the Customs Union, the objectives of the programme shall be to ensure that Member States' customs administrations:

- (a) carry out coordinated action to ensure that customs activity matches the needs of the Community's internal market through implementing the strategy set out in the Commission's Communication and the Council's Resolution on a strategy for the Customs Union;
- (b) interact and perform their duties as efficiently as though they were one administration and achieve equivalent results at every point of the Community customs territory;
- (c) meet the demands placed on them by globalisation and increasing volumes of trade and contribute towards strengthening the competitive environment of the European Union;
- (d) provide the necessary protection of the financial interests of the European Union and provide a secure and safe environment for its citizens;
- (e) take the necessary steps to prepare for enlargement and to support the integration of new Member States.

2. The common approach regarding the customs policy shall continuously be adapted to new developments in partnership between the Commission and the Member States in the Customs Policy Group, composed of the heads of customs administrations from the Commission and the Member States or their representatives. The Commission shall keep the Customs Policy Group regularly informed of measures relating to the implementation of the programme.

#### **Article 4 - Programme priorities**

For the implementation of the programme, the following priorities are established:

- (a) to reduce the cost of compliance with customs legislation on economic operators through measures such as improved standardisation, and to develop increasingly open and transparent cooperation with trade;
- (b) to identify, develop and apply best working practices, especially in the areas of post-clearance audit control, risk analysis and simplified procedures;
- (c) to establish a system of the measurement of Member States' performance in customs administrations;
- (d) to support actions to prevent irregularities, for example by providing control information rapidly to front line customs posts;
- (e) to improve the standardisation and simplification of customs procedures, systems and controls;

- (f) to improve the coordination and cooperation between laboratories carrying out analysis for customs purposes in order to ensure, in particular, a uniform and unambiguous tariff classification throughout the European Union;
  - (g) to support the creation of an electronic customs environment with paperless customs procedures and continuous access from economic operators to customs via the development of communication systems coupled with the necessary legislative and administrative changes;
  - (h) to ensure the functioning of existing communication and information systems and, where appropriate, to develop and establish new systems;
  - (i) to undertake actions which will provide support to the customs services of the candidate countries in their preparation for accession;
  - (j) to assist third countries in the modernisation of customs services and procedures;
  - (k) to develop common training measures and the organisational framework for customs training that would respond to the needs arising from programme activities.
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