

Customs Union: new action plan approved

(3/42/20)

On 28 September the European Commission announced a new action plan for the Customs Union aimed at making EU Customs smarter, more innovative and more efficient over the next four years. This article explores how these measures are to strengthen the significant role the Customs Union has to play.

The present situation

In the Customs Union, national customs authorities are responsible for running various controls before goods are released into free circulation in EU customs territory. Those controls aim to protect EU revenues, EU businesses and the safety, health and well-being of EU residents.

Despite a number of improvements in the workings of customs, there are still problems with persons understating the value of goods to avoid having to pay customs and VAT, and with the smuggling of hazardous or banned goods. The existing customs control discrepancies between member states result in goods being moved to the weakest entry and departure points in EU customs territory. In recent years, national customs authorities have already faced difficulties in carrying out their responsibilities. Those difficulties are compounded by the emergency health situation, the consequences of the UK leaving the EU single market and the Customs Union, and the rise of digitalisation and e-commerce. To be able to adequately contribute to the well-being of EU residents and trade facilitation, customs authorities need modern technical equipment, and customs officers need to develop their analytical skills to be able to better identify risky imports and exports.

The action plan

To upgrade the Customs Union, the European Commission has devised an action plan that includes initiatives in the following areas.

Risk management

The measures of the action plan are mainly geared towards improving the availability and usage of data and data analytics for customs purposes. This indicates a need for smart and risk-based supervision of supply chains, and the Commission has to set up a new analytics centre for gathering, analysing and exchanging customs data to serve as a basis for making critical decisions and to help customs authorities identify weaknesses at EU external borders and overcome future crises.

E-commerce management

Given the new challenges in e-commerce, payment service providers and online trading platforms will face tighter requirements to fight fraud involving customs and other taxes in e-commerce.

Promotion of compliance

The Single Window initiative will allow legitimate businesses to simplify the way they complete their border

formalities through a single portal. Customs authorities will be able to work closer in processing, exchanging and jointly using information and in better assessing risks.

Coordinated efforts of customs authorities

The action plan provides for the introduction of modern and reliable customs equipment as part of the next EU budget. To be ready for future crises and challenges such as unexpected global developments and future business models, a new working group is to be set up, with anticipated participation of persons representing the business community.

The main objective of the European Commission's action plan is to build a common strategic understanding of how to deal with difficulties today and going forward, and to create a vision of what EU Customs should look like by 2040.