

Algirdas Šemeta

EU Commissioner for Taxation and Customs Union, Audit and Anti-Fraud

"Jointly facing the challenges towards 2020"

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

The 10th Freight Forwarders' Conference

Brussels, 30 November 2010

President Broadley, Secretary General Rogge,

Director General Sorgetti, ladies and gentlemen - good afternoon.

It is a great pleasure for me to join you here today, celebrating a decade of discussions among freight forwarders. CLECAT has long been an important and appreciated collaborator of the Commission. So let me thank you for the kind invitation.

Since taking up my mandate at the beginning of this year, I have repeatedly stressed the importance of close public-private collaboration. This occasion, gathering professionals in the field of customs, is both timely and topical for all of us.

Let me start with some reflections on the economic and political context that forces us to balance trade facilitation and security aspects. I will then outline some priorities for the short-, medium- and long-term.

With regard to the context, I see three immediate and pressing challenges for our work on customs policy; the impact of the global economic crisis, the strain on European public finances and the world-wide security risks we are facing.

Growth prospects for Europe and the global economy are rather weak. The most recent forecast from the Commission services, published yesterday predicts EU GDP growing by no more than 2% annually in the next couple of years. The competitiveness of European traders is paramount to Europe's recovery. Due to the global economic crisis it has become even more important to facilitate trade, cut red tape and cut costs for businesses. If there was ever any doubt, it is clear now that all such initiatives must be taken forward with the utmost urgency.

At the same time, pressure on public finances has skyrocketed and low-cost solutions are essential. Any investments made must generate positive returns within a very short time horizon; much the same conditions I would imagine you are faced with in the private sector.

In such a tough climate, where short-term challenges demand so much attention we should not forget our long-term objectives. Unfortunately, the economic and financial conditions are not the only challenge. A month ago, we were reminded that internationally organised acts of terror are not a thing of the past. In the light of such threats, we have to be extremely vigilant. Recent events have underlined yet again the security agenda for customs and for the entire supply chain sector in general. The general public have become well aware of security concerns.

Given your roles in the global supply chain, I'm sure all of you present here today recognise the need for action to address these concerns and the importance of reassuring the citizens of Europe and the rest of the world. It is a difficult equation; we need to stimulate trade and at the same time sharpen our focus on security threats. For the bridge between the customs union of today and the one of 2020, the main building blocks will be the implementation of policy measures balancing trade facilitation and security objectives.

This brings me to the second part of my intervention: the short, medium and long-term priorities.

In the immediate future, security concerns will set the agenda. The EU is among a few jurisdictions worldwide to have adopted a holistic security strategy covering the full international supply chain. The EU is implementing both the import and export security standards of the SAFE Framework of Standards, as well as the AEO concept.

However, it is regrettable that the security amendment of the current customs code was not implemented fully by the original deadline of 1 July 2009. In the coming

months, it is likely that public reactions to the improvised explosive devices detected in the air cargo sector will influence the longer term policy path.

I understand the needs of trade with respect to clarity, consistency and predictability of future security rules and obligations. On the other hand, it is clear that some new actions will need to be taken, especially where security gaps are identified.

Yesterday, Commissioner Kallas set out the policy response as recommended by an ad-hoc High Level group on strengthening air cargo security. Three areas require action. First, the security control of cargo and mail should be strengthened, both in terms of legislation and the inspections carried out to ensure that security requirements are met. Second, the coordination of actions and information within the EU should be improved. Third, we should take joint action to ensure higher standards at the international level. On Thursday, ministers of transport, justice and home affairs will be gathered in the Council, and they will draw conclusion on the basis of the report of the High Level group.

We need an integrated approach to ensure that all links in the supply chain, including customs, are resistant to security risks. The start of electronic filing and risk analysis by the 1st of January is an important tool in this respect, and it will need careful implementation. However, these recent incidents have already revealed potential weaknesses in the future system of advance customs information. These weaknesses need to be addressed urgently. Otherwise we could find that there is a lack of confidence in the entire concept before it is even fully operational.

In particular, we will need to review the time-limits for operators in the air cargo sector to submit the advance information. And we need to look again at the procedures for mail courier services and low value consignments. Moreover, the Commission and Member States must make better use of the data coming from intelligence, law enforcement and customs by ensuring integrated or inter-connected systems.

Countries worldwide have already taken emergency measures at short notice, which have an impact on the global freight forwarding business. The incidents will also give rise to some longer term scrutiny of the effectiveness of security measures in the supply chain. This goes for customs as well as for operators.

Already before the incidents, the effectiveness of authorities to control has come under public scrutiny, in particular the areas relating to simplified procedures and exceptions applied by customs. Earlier this year, the European Court of Auditors scrutinised and raised concerns about the application of simplified customs procedures - and now the media is doing so, as well.

Many CLECAT members benefit from these simplified procedures and I would understand if they were alarmed of the prospect of losing such facilities.

We have a mutual interest in finding rational, workable solutions that can effectively tackle security risks without paralysing our economies. Customs will need reliable data available in due time to carry out risk management and effectively control risky consignments. On the one hand, we must develop customs processes and procedures accordingly. Economic operators, on the other hand, have a crucial role in ensuring high quality and timely submission of data.

Overall, as regards the immediate priority of security issues, we must ensure that any further action taken is appropriate, coordinated and targeted at any remaining weaknesses of the system. Further initiatives should also, as a rule, limit the additional burden for trade.

In the short to medium term, the top priority is the ongoing customs modernisation project. This is the biggest project for customs since the coming into force of the Single Market and the implementation of the current code. This second wave of

implementation is now under way with preparation of the implementing provisions of the Modernised Customs Code and the associated electronic projects.

Later this week, Director Generals of customs will take stock of the progress made and consider the way forward. As I recognised in my introduction, the policy context is very challenging given the tough economic and financial conditions. Nevertheless, we must continue to pursue solutions that are as ambitious as possible. We need to deliver modernisation where it matters the most.

The challenges are manifold. The projects related to the Modernised Customs Code need to be seen as a joint public-private undertaking. In the end, modern processes and streamlined customs services will deliver results for economic operators.

In bridging the gap between today's reality and the future modernised system, there are a number of issues, which we need to resolve together. I know that there are a number of technical discussions concerning data requirements, customs declarations, valuation, transit, temporary storage and much more. The ongoing scoping exercise will clarify what needs to be done by when.

I think we agree that public-private collaboration is not always easy in this complex environment. I maintain that it is essential, but it is certainly not easy to organise in a way that pleases everyone, especially when both time and resources are limited.

Our joint interests and common challenges require that we all continue to invest in these efforts. I hope that this is a message you take away with you from my comments today.

All implementation projects will take considerable time and effort. All the while, ensuring long-term international competitiveness and working towards a truly global supply chain approach will require continuous attention and innovation. Using the metaphor of this conference, this is the bridge leading us further from where we expect to be in 2013 to the customs union of 2020.

Customs services should bring about added value, pursuing several policy objectives in a cost-effective way in line with the EU2020 strategy. To achieve this, we need to base ourselves on knowledge and understanding of traders' own internal systems, processes and supply chains.

Over the next year, we will evaluate our starting point and assess what the efforts under the Customs 2013 programme have brought about. We will design a successor programme to pursue our strategic objectives. Before the end of 2011, I will report on the Future of Customs Initiative, at which stage I will be able to provide you with more details on the path ahead.

There are already ideas on the table such as the Single Window approach and integrated or interconnected border management. I am sure your discussions this afternoon will raise further issues which should feed into the discussion on where customs should aim to be in 2020.

At the same time, we have to recognise that some of the challenges we are facing today are not likely to disappear before 2020. Trade and economic growth will pick up, but budgetary resources will remain limited in order to achieve sustainable public finances. Security risks are likely to persist, and so are other risks relating to the safety of European consumers and to the financial interests of the EU. Trade patterns will evolve, becoming ever more complex.

The path towards 2020 requires innovation and even closer collaboration. My main objective addressing you today is to encourage these developments. Expert advice is invaluable when we take action, be it in the short-, medium- or long-term.

Most recently, my services have discussed the air cargo incidents with members of trade, including some members of CLECAT. I have heard the industry perspective and concerns. We will need to continue this discussion on removing gaps and weaknesses in an effective manner and exploring all possible solutions to minimise the risk of such incidents in the future.

On the side of the Commission, we acknowledge your continued commitment to an orderly EU-wide implementation of the security amendment. Thank you for that. At this crucial time, coming up to the 1st of January 2011, I trust that I can continue to count on your support and leadership in finalising the launch of operations by industry before this final deadline.

I am also grateful for the contributions of experts – from trade in general and CLECAT in particular – to advance the modernisation project. The closer we get to

the date of application, your constructive ideas and contributions will be more and more valuable.

For the longer term, beyond 2013, I hope that our continued dialogue will help us identify and implement the measures we need. Jointly, we will find ways to balance the need for smooth trade lanes for legitimate flows of goods with the duty to effectively fight fraud and manage security threats and other risks.

Let me conclude by thanking you, CLECAT, for this event, and thanking you, ladies and gentlemen, for your attention. I wish you a successful continuation of this conference.