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Subject: **Single Window at Community Level**

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*This document has been regularly discussed at the TAXUD Inter-service Group on Single Window as well as at the Electronic Customs Group and has been recently adapted to support the discussion in the Innsbruck seminar (March 1-3, 2006)*

## **Changes of this revision**

Structure modified to support discussion in SW seminar

New section on key elements

Annex I: Amended by DG AGRI – first draft.

Annex III: New descriptions by DG OLAF (CISWEB) and DG ENV (ODS, CITES, REACH).

Annex IV: New scientific projects by DG INFSO.

Annex VI: New presentations by DG OLAF and DG ENV.

Annex VIII SITPRO Single Window report (new)

Annex IX websites (former annex VIII)

## **Open items**

Information on security systems (DG TREN, DG ENV and DG JLS)

Sections on links to customs systems and actions

Annex I (incomplete)

## Overview

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## **1) PURPOSE OF THIS DOCUMENT**

The single window/one-stop shop is an essential part of the Electronic Customs initiative which will provide important benefits to economic operators. The proposals on a modernized Customs Code and on an Electronic Customs Decision foresee the legal basis for the customs authorities to co-operate with other authorities and agencies involved in the movement of goods across Community borders.

The main objective of this document is to provide for an inventory of data bases, existing or future electronic systems and exchange of information and documents at Commission level. This will allow for a coordinated approach, within DG TAXUD and between DG TAXUD and other DGs, under the single window concept as set out in the proposed modernized Customs Code<sup>1</sup> and the Electronic Customs Decision<sup>2</sup>, which were adopted by the Commission on 30<sup>th</sup> November 2005.

This is a "living" document which will be completed and amended based on further information by all Commission services concerned. Based on this overview, supplemented by Member States expertise, best practices may be evaluated and steps can be taken to look at what a single window would look like in practice.

This document will serve as a tool to develop a single window strategy. It will allow making recommendations for a coherent approach relating to the customs single window.

## **2) BACKGROUND**

### **a) Implementation of an electronic environment for customs and trade**

At EU level, Member States have committed themselves to action within the framework of e-Europe and, in particular, e-Government<sup>3</sup>. Moreover, the Council Resolution of December 5, 2003<sup>4</sup>, which endorsed the Communication by the Commission on a simple and paperless environment for customs and trade<sup>5</sup>, invites the Commission to "draw up, in close co-operation with Member States, a multi-annual strategic plan, aiming at creating a European electronic environment, which is consistent with the operational and legislative projects and developments scheduled or underway in the areas of customs and indirect taxation". Consequently, the Commission services have drafted a vision statement and a plan which aims at establishing a list of implementation actions and a timetable relating to what is now called the "electronic customs initiative", to be agreed and respected by all of the parties involved.

In order to achieve a co-ordinated implementation of the plan, it is essential that Member States accept milestones as binding deadlines. Therefore, the Commission adopted on 30 November 2005 a Decision of the Council and the European Parliament on the implementation of a paperless environment for customs and trade (Electronic Customs Decision). This proposal is designed to set out the objectives, responsibilities, and

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<sup>1</sup> Recital 7 of the proposed modernized Customs Code.

<sup>2</sup> Article 4 (3) of the proposed Electronic Customs Decision.

<sup>3</sup> Communication from the Commission to the Council, the E.P, the EESC and the CoR on "the role of e-Government for Europe's future" 26.09.2003, COM (2003) 567.

<sup>4</sup> OJ No C 305, p. 1.

<sup>5</sup> COM (2003) 452, 24.07.2003.

timeframes for electronic customs at both Community and Member States level and is currently before the Council and the European Parliament.

### **b) Co-operation between customs and border authorities and agencies and co-ordination of their activities**

A Customs Union and a Single Market require intensive co-operation between customs and border authorities and agencies, and with trade and logistics communities in all EU Member States. Though this objective is also enshrined in the International Convention on Frontier Controls<sup>6</sup>, the different border agencies are still acting independently, both at EU and national level, which has caused unnecessary burdens for trade and logistics. Furthermore, security concerns now require common sharing of information related to the movement of goods across external Community borders and within the EU customs territory.

The Single Window concept aims at co-ordination, by customs, of all cross-border operations and the sharing of related electronic documentation with all border agencies involved in the movement of goods across Community borders. According to the draft proposals for a modernized Customs Code and an Electronic Customs Decision, traders will submit all data required for imports or exports, such as electronic certificates, even if they are required by non-customs legislation and need to be submitted to health, environment, police and other authorities and agencies. The immediate exchange of data between customs and these other authorities and agencies will also allow for better and quicker validation of all of the data submitted by traders.

This is to say that the Single Window will consist of a co-ordinated approach between authorities and agencies involved in the movement of goods across Community customs borders and the exchange of information between them. A *centralized* "Single Window Community System" is currently not envisaged.

This project is essential if the goals set out in the Lisbon agenda, the e-Government Communication and, particularly, in the Communication on a paperless environment for customs and trade are to be achieved.

## **3) DEFINITION OF THE SINGLE WINDOW**

### **c) Definition by United Nations Economic Commission for Europe (UNECE)**

The Single Window (SW) concept has been defined at UN level as follows<sup>7</sup>:

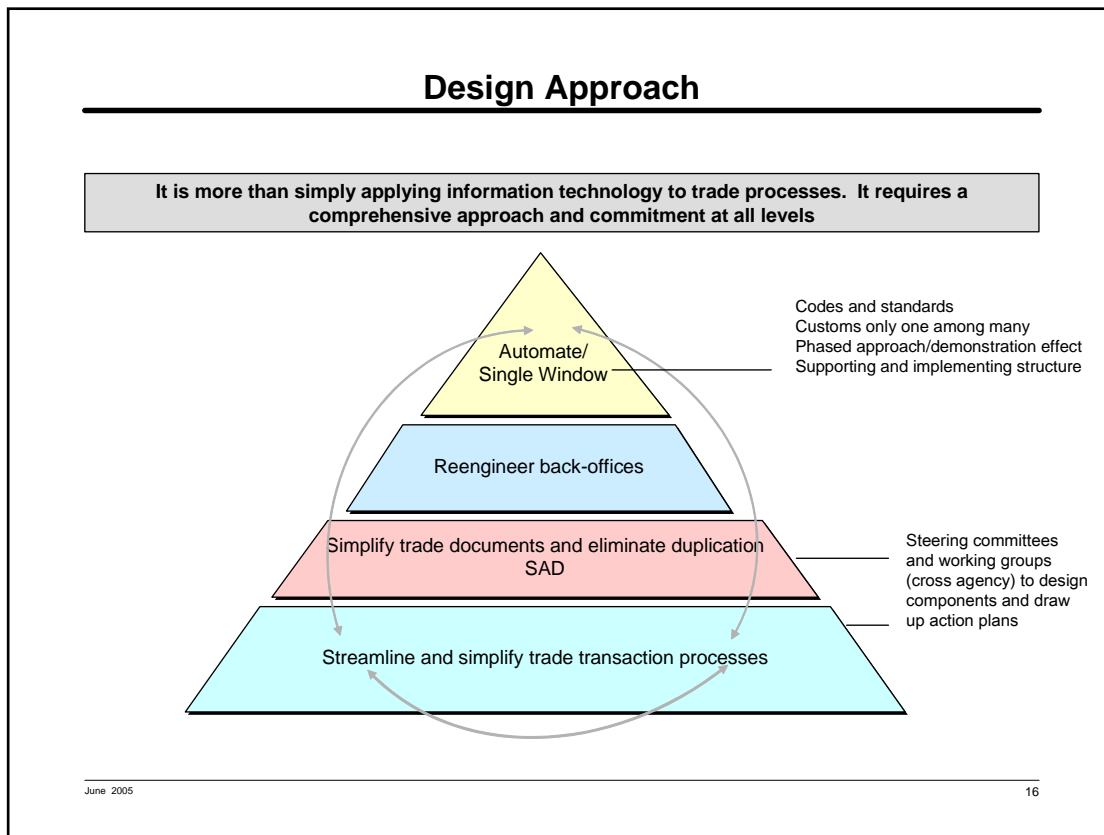
*The Single Window environment aims to expedite and simplify information flows between trade and government and bring meaningful gains to all parties involved in cross-border trade. In a theoretical scheme, Single Window can be described as "a system that allows traders to lodge information with a single body to fulfil all import or export-related regulatory requirements".*

*In practical terms, a SW environment provides one entrance (either physical or electronic) for the submission and handling of all data and documents related to the release and clearance of an international transaction. This entry point is managed by one agency which informs the appropriate agencies and/or performs combined controls.*

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<sup>6</sup> OJ 1984 No L 126/3

<sup>7</sup> See attached brochure. UNECE is currently developing a SW recommendation and a SW Guide.



### d) Definition by World Customs Organisation (WCO)

The WCO defines a single window as follows<sup>8</sup>:

*A facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit related (...) regulatory requirements”, explaining that “the single window is clearly a trade facilitative measure. It permits the trader or transporter to submit all the data needed for determining admissibility of the goods in a standardized format only once to the authorities involved in border controls and at a single portal. (2) The Single Window concept places the onus on the authorities to manage the Single Window and to ensure that the participating authorities or agencies are either given access to the information or are actually given the information by the managing authority. It eliminates the need for the trader or transporter to submit the same data to several different border authorities or agencies.*

### c) Definitions in the proposals on the modernized Customs Code and on the Electronic Customs Decision<sup>9</sup>

The proposed modernized Customs Code follows these definitions when defining the Single Window and the One Stop Shop concepts as follows: “In the interests of facilitating business, while at the same time providing for the proper levels of control of goods brought into or out of the customs territory of the Community, it is appropriate that the information provided by economic operators is shared, taking account of the

<sup>8</sup> <http://www.wcoomd.org/ie//WTO/Single%20Window%20Concept.pdf>

<sup>9</sup> Recital 7 of the proposed modernized Customs Code and Article 4 (3) of the proposed Electronic Customs Decision.

relevant data protection provisions, between customs authorities and with other agencies involved in that control, such as police, border guards, veterinary and environmental authorities, so that the economic operator need give the information only once ('single window') and that the goods are controlled by those authorities at the same time and at the same place ('one stop shop').”

According to the *proposed Electronic Customs Decision*, the Single Window will allow for the “seamless flow of data between economic operators and customs administrations, between customs authorities and the Commission, and between customs administrations and other administrations and agencies, and enabling economic operators to submit all information required for import or export clearance to customs, even if it is required by non-customs legislation”.

#### **4) KEY ELEMENTS OF A SINGLE WINDOW**

According to e-government principles, governments must become citizen/constituent-centric and service-based.

Consequently the following e-governement features should be taken into account when setting up a Single Window:

- Fully integrated front- and back-office processes
- Electronic processing from end-to-end
- Services that span government agencies and jurisdictions
- Improved and more accessible business management information

Key to these improvements is how next-generation e-government systems embraces existing workflows, business rules and legacy systems, leveraging and making use of current investments.

#### **5) THE BENEFITS OF THE SINGLE WINDOW**<sup>10</sup>

The single window concept will provide economic operators with the following benefits:

- easier access to information trough better co-ordination between all authorities involved– leading to time savings when looking for information and increased compliance due to better understanding;
- improved efficiency when submitting information through exchange of data between authorities involved allowing economic operators to give the same information only once to these authorities – faster processing, more rapid clearance, greater accuracy of data and increased compliance;
- fewer delays, less uncertainty, and more targeted inspections through better co-ordination between authorities involved;
- lower barriers to trade, which makes it possible for new traders to focus on strategic and commercial considerations as opposed to regulatory regulations.

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<sup>10</sup> Cf. Business Case on International Trade Single Window by SITPRO London.

The single window concept will provide Member States and the Community with the following benefits:

- improved service to customers improving the competitiveness of EU business;
- reduced levels of inadvertent non-compliance, leading to better ability to focus on those traders that actively try to avoid regulations;
- better quality of information by increased sharing of information between government agencies – leading to improved security, better ability to target consignments to be inspected;
- improved efficiency when moving from paper-based to electronic applications, licences etc. – reduced re-typing, faster processing;
- more joined-up government.

## **6) EXAMPLES OF CONCRETE SW APPLICATIONS IN THE FIELD OF CUSTOMS.**

### **Electronic documents accompanying the customs declaration**

Common electronic solutions for import and export licences and certificates, and other documents accompanying the customs declaration are needed to achieve a single window and a paperless environment for customs and trade (see inventory of certificates list in TARIC).

According to Regulation (EEC) No 752/93 forms may be filled in by mechanical or electronic means or by hand. In order to reduce the administrative costs, Member States which so wish and have the necessary technical means should be allowed to issue the document by electronic means<sup>11</sup>. According to Decision No 2004/563/CE/EURATOM of 7 July 2004 concerning the validity of electronic documents and to the respective draft implementing provisions which are anticipated to be adopted shortly, electronic documents are legally valid and may replace a paper document, including those established or received from persons outside the Commission.

Electronic licensing would also be possible for chemical precursors and in the cultural sector. There have been initiatives within DG TAXUD to provide for electronic administration relating to the export of cultural goods. DG TAXUD has been working on an on-line form with a view to including it on the TAXUD website on cultural goods. A list of codes for certificates accompanying the customs declaration has been published via circa and national websites (see Annex I).

### **2) Trader identification**

A trader identification system is a key issue of electronic customs. DG TAXUD's objective of a common traders' register would allow economic operators to register only once for all customs transactions in the Community. Such a register is also essential with regard to common risk management, as laid down in Regulation (EC) 648/2005<sup>12</sup>, and may serve as a common reference for the exchange of data between Member States' customs administrations.

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<sup>11</sup> See recital 3 of Reg. (EC) 656/2004, L 104/50, 08.04.2004.

<sup>12</sup> OJ L 117, 13 April 2005, p. 13.

Besides a trader registration number, such a system may contain information relating to the status of authorized economic operators and, possibly, even import/export licences, to facilitate other Member States' access to such information.

Whether there will be a centralized or a de-centralized system and what the structure of the registration numbers for traders established in- and outside the EU has not yet been decided. DG TAXUD prefers a de-centralized option for a number of reasons (Member States have to register economic operators anyway; they link these systems to VAT, excise and other register systems; lack of resources on Community level). Whether traders and the Commission are to have access to this database or not, and to what extent, are also open questions. These issues are being examined by a working group, financed under the Customs 2007 programme. Other DG's, particularly TRADE, ENTR, INFSO (on data protection), may deliver valuable input on this.

### **3) Electronic signatures**

A common solution for electronic signatures or a system based on mutual recognition of existing solution will be provided in order to enable economic operators to send information not only to other Member States than the one where they are established but also to other administrations than customs, and to enable these administrations to verify the authenticity of the author, of the sender and of the information.

## **7) THE WAY FORWARD**

### **a) Legal provisions providing for the obligation to co-operate**

The proposed Modernized Customs Code and Electronic Customs Decision aim to create the legal basis for customs authorities to co-operate with other authorities and agencies involved in the movement of goods across Community borders.

Consequently, discussions in the appropriate Committees and working groups should start in order to envisage corresponding provisions in legislation applied by these authorities.

### **b) Launch Community action at national level**

The Revision 4 of the present working document has been presented to the Electronic Customs Group in January 2006. Some projects in the framework of the Customs 2007 Programme with links to the Single Window concepts have already been launched<sup>13</sup>.

The Innsbruck High level seminar on the Single Window will be the starting point for the Single Window exercise at national level.

An road map on SW implementation is expected to be one of the results of the seminar.

### **c) Milestones**

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<sup>13</sup> E.g. Project Group on the common customs portal and the single access point concepts. See Annex II of the Multi-Annual Strategic Plan (MASP) Rev. 6, containing an overview of all Community projects on eCustoms and their links and interdependencies.

The Electronic Customs draft decision currently under discussion to the Council and EP foresees the SW to be in place 6 years after the publication of the decision.

The Multi-Annual Strategic Plan (Rev. 6) foresees, in the framework of the proposed Electronic Customs Decision, the following milestones relating to the implementation of the Single Window:

- 2006 Definition of user requirements
- 2008 Functional specifications
- 2009 Start implementation
- 2012 Single window and one-stop shop in place in all Member States and a Community single window

## **7) CO-ORDINATION AT COMMISSION LEVEL**

In order to allow for a co-ordinated approach under the single window concept, starting on 3 June 2005, regular meetings of an inter-DG co-ordination group, chaired by DG TAXUD, have been held.

Further meetings will be held on a regular basis in order to give a clear picture on the situation at the Commission level

As a first step, it was suggested focusing on the information concerning existing or future data bases, systems and exchange of electronic information (including electronic documents) relevant to customs at Commission level.

DG TAXUD invites other DG's to encourage the MS to enhance the co-operation between the relevant agencies/administrations and customs administrations.

The present working document, established by DG TAXUD and the members of the inter-service co-ordination group at Commission level will be promoted throughout the Commission Directorates General. Before the end of 2006 the document will be finalized.

Based on this document, an implementation plan, which determines which community systems need be integrated or interlinked in the first phase, will be drafted.