

Strategic Framework for customs cooperation

1. Introduction

The EU and Ukraine are important neighbours to each other for political, economic and geographic reasons, and have a mutual interest in developing stable and fruitful political, economic and social relations for the benefit of citizens. As an integral part of the economic and trade dialogue, EU-Ukraine customs cooperation is important in ensuring trade facilitation, the protection of citizens, and combating fraud.

The Partnership and Cooperation Agreement (PCA) with Ukraine has been in force since 1998 and in the customs area cooperation has focused mainly on approximation of customs procedures and mutual administrative assistance.

The EU Border Assistance Mission (EUBAM) has provided valuable assistance to foster a common understanding on border management and customs issues.

The issue of a strategic framework for enhanced customs cooperation in the context of the Eastern Partnership policy (which, since May 2009, provides the wider policy context for customs cooperation) was first discussed at the meeting of the EU-Ukraine Subcommittee on Customs and Cross-border Cooperation in Kyiv on 14 September 2010. It was agreed that, in order to further EU-Ukraine customs cooperation, a strategic approach should be considered based on priority actions in the context of the Eastern Partnership, with the aim of facilitating trade and simplifying customs controls.

In line with this, and in view of the mutual interest of the EU and Ukraine in economic integration, customs modernisation and convergence in line with international standards, a "Strategic Framework for Customs Cooperation" may be built, insofar as it is of benefit to both parties, on the basis of three broad priorities. These are in line with the strategic priorities already defined by the Ukrainian Customs in the "Strategy for The Development of the State Customs Service of Ukraine" (currently under elaboration)¹.

2. Cooperation priorities

a) Safe and fluid trade lanes:

The aim is to achieve maximum trade facilitation on the basis of operator reliability and compliance, with customs acting as links in the supply chain. The focus is on introducing modern, faster procedures and appropriate IT technologies and other infrastructures along the trade lanes (in line with the WCO SAFE Framework) to secure and facilitate trade, which includes reducing administrative burdens and costs linked to customs procedures for traders, and on fostering cooperation between border authorities.

¹ As quoted from the Customs Strategy of Ukraine:

Mission: "To facilitate international trade, national and foreign enterprises, promote investment in Ukraine's economy, to promote security on the border and well-being of the society";

Goals: "...regulate trade in a clear, unambiguous and transparent manner, accelerate and simplify the movement of goods, services and citizens through the state customs border, ensure the introduction of conventional world and European norms and standards of customs procedures, create the integrated system of border protection from smuggling, violation of customs rules and customs fraud".

b) Risk management and fight against fraud:

The aim is to develop strong risk management to detect and address the main types of illegitimate trade, including fiscal fraud and security and safety risks more effectively. Cooperation on risk management, including on exchanges of information, may contribute to the improvement of risk management and, thereby, to added value in terms of security and safety, IPR enforcement, combating fraud and facilitating trade.

c) Investment in customs modernisation:

The aim is to achieve close convergence of legislation and procedures in line with the strategic objectives of the Deep and Comprehensive Free Trade Area agreement (DCFTA), and to strengthen the dialogue on rule-making and implementation. This should foster the improvement and streamlining of customs procedures, the development of fully-fledged risk management systems, the coordination between border authorities and should promote integrity. It also includes capacity building in support of the reform strategy, border infrastructure coordinated on both sides of the border. The preparation of Ukraine for accession to the EC-EFTA Conventions on a common transit procedure and on the simplification of formalities in trade in goods may play a catalyst role in this respect.

3. Specific objectives for 2012-2014

a) Safe and fluid trade lanes

- Creation of fast lanes: fast lanes may be envisaged to move pre-approved eligible goods across the border quickly and verifying trade compliance away from the border. Shipments for approved companies, transported by approved carriers using registered drivers, could be cleared with greater speed and certainty, at a reduced cost of compliance. Recognition of authorised economic operators (AEOs) could be part of this process.
- Coordination between border authorities: implementation of the "Eastern Partnership" initiative in this field, including improved operational cooperation between the customs authorities and other border authorities of Ukraine and neighbouring Member States, as well as the possible implementation of joint controls at border posts in line with EU legislation.
- Improvement of cross-border infrastructure. Possible actions to be coordinated with projects already running or under preparation (in the framework of Cross-Border Cooperation or the ENPI/2010/22369 programme "Support to the Border Management Sector Policy in Ukraine").

b) Risk management and fight against fraud

- Development of risk management: risk management based on electronic data and processing is indispensable in achieving higher levels of protection and trade facilitation, as it will allow for more streamlined and better targeted controls. Exchanges of good practices are particularly important.
- Exchanges of advance customs information can also be considered, insofar as they may contribute to improve risk management and the working of customs, in terms of providing trade facilitation and of enhancing the efficiency and effectiveness of customs controls. Confidentiality and protection of personal data will be ensured.

- Fight against fraud: a dialogue on the fight against fraud will be established in order to achieve a better understanding of the challenges, which may include means of enforcing customs value and preventing/intercepting illegal trade, including in excisable products, and devise appropriate responses, which may include exchanges of experience and information as well as possible joint actions.
- Developing customs' role in IPR protection: cooperation in this area may include raising awareness and sharing experiences, as well as assistance in enhancing customs' capacity for action. IPR protection must be an integral part of risk management.

c) Investment in customs modernisation

- Support for the development of streamlined customs procedures and modern customs standards, including electronic customs, and risk management systems as foreseen in the objectives of the DCFTA negotiations.
- Finalisation and implementation of the Action Plan for the SCSU's Modernisation Strategy including building-up business process models.
- Promotion of integrity.
- Improvement of transit: this involves preparations for Ukraine's accession to the Common Transit Convention, which will increase trade facilitation between the EU and Ukraine.
- Exchange of good practices and benchmarking with regard to procedures, technologies, infrastructure, training and capacity building.
- Participation in the specific activities of Customs 2013 programme on an *ad hoc* basis (Risk Management, IPR protection, coordination between border authorities, cooperation with economic operators, valuation, post clearance control).

4. Implementation

The EU-Ukraine Sub-Committee on Customs and Cross-Border Cooperation will be responsible for overseeing and evaluating the implementation of the Strategic Framework.

Under the authority of the Sub-Committee, a Working Group composed of representatives from Ukraine and the European Union will see to the implementation of the specific objectives and activities under the Framework, establish appropriate work programmes or roadmaps and organise monitoring and evaluation mechanisms.

Desired, measurable outcomes by actions and achievement indicators will need to be defined.