



European Electronic Component Manufacturers Association



To: Mr Michael LUX
Head of unit
Customs Procedures
Directorate General Taxation and Custom Union

Brussels, 19th June 2006

Subject: Comments on the latest Draft of the implementing provisions to the Customs Code, Doc. TAXUD/1250/2005/REV 4 Corr 1

EECA¹ and EICTA have been following very closely the modernisation efforts for the Customs Code and have been contributing to the ongoing debate. EECA- ESIA (recently working in coordination with EECA-EDIA, EECA-EPCIA and EICTA) has also been an active Member of the Trade Contact Group.

Our associations have been supportive of all measures aiming at rationalising customs legislation to facilitate trade and communication in a simple and paperless environment. We have also recognised that current international developments require the introduction of security measures.

Nevertheless, we would like to express once again our concerns, to which we thought finding an answer in the implementing provisions and the revision of the MASP, but which, unfortunately, still remain in place.

On a general level, we fear that Member States' IT systems will not be ready on the foreseen dates to grant a common interface for business, which will be obliged to invest in 25 different systems to cope with the new requirements (please be aware that many businesses still work with different systems, so in practice it will even be a multitude of interfaces per MS). There is no penalty, nor an obligation for Member States to commit resources to the implementation of the new rules. A delay in some Member States- we think this will be unavoidable- will have an enormous impact on our companies' costs, and hence international competitiveness

Partly as a consequence of what stated above, we foresee that the security requirements (adoption of pre- declarations, risk assessment, to quote only two examples) and the provisions aiming at facilitating trade (electronic declarations) will not be operational at the same time. This will have as a consequence to put a heavy burden on industry only.

IT system
implementation

Different time
frame for trade
facilitation and
security

In order to minimise this impact it is absolutely necessary to postpone the requirement of pre-declarations to the moment when a European electronic system will be in place and to rework the MASP accordingly to allow the implementing provisions not being rushed through.

¹ With the autonomous industry associations ESIA, the European Semiconductor Industry Association , EDIA, the European Display Industry Association, and EPCIA, the European Passive Components Industry Association

- **Law versus guidelines and explanatory notes**

Many of the procedures that we would have expected to be included in the Implementing Provisions will apparently be included in guidelines: guidelines and explanatory notes are not legally binding for Member states as the Implementing provisions.

This means that industry can be confronted with different interpretation for those procedures in the different Member States, with the additional costs that this implies.

We therefore ask that the majority of the procedures should be included in the Implementing Provisions to the regulation.

- **AEO concept**

The concept of AEO has been introduced to give customs authorities the possibility to focus resources on controlling traders and product flows with a high security risk, while granting authorisations for simplifications to trustworthy economic partners to drive down controls on “low risk” transactions.

We do not feel that the design of the AEO project fully respects this rationale.

To obtain an AEO certificate, companies have to go through a deep, costly, screening of their activities: some companies may find it difficult to evaluate the investments of resources for a rather little return (in this case, increasing paperwork and less facilitations). In our opinion, as currently defined in the proposed legislation, this will not bring to the refocusing and consequent rationalisation of resources for customs controls, as initially planned.

Beside that, we are aware of other initiatives of the same kind run in parallel by other services of the European Commission, (for example the concept of “Secure Operator” in the piece of legislation on enhancing Supply chain security, DG TREN, or the concept of known consigner): in several occasions you gave us assurance that Commission services cooperate on the matter, nonetheless we are afraid that different sets of guidelines will be required to obtain a different authorised operator status, according to the mode of transport used and to the destination for shipments. This is simply unacceptable.

Concerning the particular provisions for AEO, we would like to make the following comments on your proposals, and add suggestions for improvement:

- **Art 14n: time frame to issue AEO certificate too long**

We still believe that issuing the AEO certificate 90 days following submission – limit that can be extended to another 30 days- is too long. (Art 14n). A further extension of this period may apply when the information submitted by the applicant is not considered to be “sufficient (Art 14b).

Lack of
benefits for
AEOs

Certificate :
excessive
time limits

- **Acknowledgement of international security standards and existing internal control and security procedures**

Our member companies are global players, and in some cases already in possession of international standards certifications, as the US C-TPAT, BASC, or associations' certificates like TAPA. For this reason, we welcome the decision to take into account other international recognised standards in the application process for the AEO status, as stated in the introductory notes (6) and under Art. 14i (4). This will facilitate the screening job for customs authorities and it will create less administrative paperwork - and have lower costs- for companies. However, we understand the holding of such standards as an asset, but not as a compulsory prerequisite to apply for the AEO status.

**International
recognized
security
standards**

Furthermore, to speed up the process of certificates issue and to facilitate the customs authorities workload, we propose that companies applying for an AEO certificate can be granted a certain level of certification based on e.g. existing internal control programs, security procedures and accountancy statements Those criteria may be assessed/checked in a later stage by customs audit (at this stage the "level" of certification may be higher).

- **Priority/facilitations in the movement reference number attribution**

The movement reference number needs already to be available when the truck leaves the Warehouse for the airport and needs to be presented at the customs office of exit: this means that even with short pre-departure declaration times for air-traffic according to article 592 b § 1 (b), the carrier of the goods needs to wait for this information before leaving the warehouse although he would have to submit pre-declaration 30 minutes prior to departure from an airport in the customs territory of the Community. A real benefit for the AEO would be to accelerate/facilitate this procedure, by:

- giving priority in the system for the attribution of the movement reference number (no waiting time)
- not requiring this number to be printed out, but giving the possibility for the carrier to receive it when already in transit (e.g. allowing the transmission to the truck driver via instant messaging service on phones), or via direct transmission from the customs of export to the customs of exit
- in the case of standard goods, pre-attribute a set of moving reference numbers that the AEO may use progressively on a certain number of shipments.

**Movement
reference number**

- **Additional benefits proposed for AEOs**

As stated above in this letter, we believe there are not enough benefits connected to the AEO status. Based on our experience, we would like to suggest further provisions which would lead to a more balanced situation:

- In case of import, for airplane shipments, we foresee that the feedback from the office of import for the release of goods could be given already before the airplane is landing, based on the information included in the pre-arrival declaration: this is already the case in the US under the ABI system
- We ask the European Commission to work on the international acknowledgement of AEO: to quote an example a mutual recognition with the US C-TPAT certificate, which may lead to a waiver of export pre-declaration in certain countries for AEO.
- The level of facilitation currently granted to operators, such as differed duty, should be kept under the new provisions, not revoked
- The AEO should be allowed to handle in periodical global pre-declarations. Art 288 applies for general operators only under special circumstances, and under

**Additional
benefits
proposed for
AEOs**

discretion of customs authorities. We would like this provision to be valid in all circumstances – and in all Member States – for AEOs.

- We furthermore ask all pre-arrival/pre-departure declarations to be immediately waived for all exporters and importers, when a common security status is mutually recognized by the country where goods are meant to be shipped to or to be sent from.

Only the above proposals would in our opinion represent a concrete advantage for an AEO certificate holder.

- **Data elements required for the pre-arrival pre-departure declaration**

Concerning the data elements to be provided for the pre-arrival and pre-departure declaration, we would like to make the following comments: the number of data elements required by the European Commission is higher than the elements requested by other regions (e.g. the US) and includes information not foreseen by the WCO guidelines. Furthermore we do not see a clear utility for a risk analysis in the case of some information, and we would rather see them deleted, as we do not see how these elements would bring any benefit for a risk assessment. We are referring to:

- Notify party
- Method of payment of transport charges
- Location of goods
- Gross mass
- Number of packages
- Consignee
- Transport document number
- Equipment ID no./ seal number
- Goods item number

**Data elements :
proposal on
elements to
delete**

Some other data elements can be waived for Authorised Economic Operators, as they should be considered reliable parties. We refer in particular to:

- Conveyance reference number
- Identity and nationality of active means of transport crossing the border
- Person lodging the summary declaration
- Authentication (redundant, as already the number of the AEO certificate is provided)
- Goods description (only e.g. "spare parts")
- Commodity code
- Number of items

**Data elements :
proposal on
elements to
waive for AEOs**

Should you have questions, please do not hesitate to contact us.

Yours sincerely



European Electronic Component Manufacturers Association

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building digital europe

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About EECA

EECA represents the European manufacturers of electronic components. EECA members come from the manufacturing and related industries (approximately 40 direct members) as well as from 8 national associations: In 2004 the component market in Europe was valued at 47.7 bn Euro and the industry currently supports over 226 000 direct jobs.

About EICTA:

EICTA, founded in 1999 is the voice of the European digital technology industry, which includes large and small companies in the Information and Communications Technology and Consumer Electronics Industry sectors. It is composed of 57 major multinational companies and 36 national associations from 27 European countries. In all, EICTA represents more than 10,000 companies all over Europe with more than 2 million employees and over EUR 1,000 billion in revenues.

The membership of EICTA:

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National Trade Associations:

Austria: FEEI; Belgium: AGORIA; Bulgaria: BAIT; Czech Republic: SPIS; Denmark: ITEK, ITB; Estonia: ITL; Finland: SET, FFII; France: ALLIANCE TICS, SIMAVELEC; Germany: BITKOM, ZVEI; Greece: SEPE; Hungary: IVSZ; Italy: ANIE, ASSINFORM; Ireland: ICT Ireland; Latvia: LITTA; Lithuania: INFOBALT; Malta: ITTS; Netherlands: ICT-Office; Norway: ABELIA, IKT Norge; Poland: KIGEIT, PIIT; Slovakia: ITAS; Slovenia: GZS; Spain: AETIC; Sweden: IT Företagen; Switzerland: SWICO, SWISSMEM; United Kingdom: INTELLECT; Ukraine: IT Ukraine; Turkey: ECID, TESID.