



NEW CUSTOMS RULES WILL HELP EU TRADE - BUT IS THERE A DEVIL IN THE DETAIL?

International trade and customs & excise consultants, GBat Beckenham welcomes yesterday's announcement that the European Commission has adopted two proposals to modernise the EU Customs Code and to introduce an electronic, paper-free customs environment in the EU.

The Customs Union is at the heart of the Internal Market but customs legislation is generally complicated and paper based -this is costly and hits margins. Yet these rules touch on just about every business in some shape or form but a disproportionate number of companies do not realise they are simply managing the consequences of customs law rather than using the rules to improve their competitive position.

Key aspects of the Commission's proposals to modernise customs rules include;

- radically reforming customs import and export procedures to reduce their number and make it easier to keep track of goods;
- rationalising the customs guarantee system; and
- extending the use of single authorisations (making an authorisation valid throughout the Community).

GBat has been involved in this modernisation process since its commencement and was at a key meeting at the Commission just days before this announcement. GBat has been arguing the unnecessarily complicated nature of EU customs rules has been deterring many businesses, particularly SMEs, from using various regimes to help them save on their import/ export duty bills. Now, the Commission's proposals aim to simplify the law to make the processes and procedures more streamlined. They also want to network national customs administrations to converge their IT systems. This is good news for businesses, which should save money and time in their customs transactions.

The change of philosophy from the current burdensome paper based system towards electronic exchanges is a crucial part of these reforms. This is a major achievement as some Member States authorities have an almost instinctive dislike for anything other than paper documentation and ink stamps! This reticence is likely to make for heated negotiations when the Commission starts to implement these proposals with Member States.

Speaking today GBat Director, Graham Austin, said "... *These proposals are more than just welcome; they are critical if the EU is to be a major force in world trade and compete with the US as well as prepare for the growing challenges from China. Yet I still have many concerns. For instance, the opportunity has not been taken to fundamentally improve the Single Authorisation process. Also there are likely to be many interpretations on electronic data requirements. If these are not resolved in a practical way, the EU will simply replicate the disadvantages of paper based systems electronically. Business must now coordinate across the EU to ensure its needs are paramount!...*"

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