Brussels, 16 January 2019

European Commission Public Consultation on an EU Single Window environment for Customs

Response by the World Shipping Council

The World Shipping Council (hereafter the WSC) is a non-profit trade association with offices in Brussels, Washington, D.C. and Singapore, representing the interests of the international liner shipping industry in public policy and regulatory matters. The WSC's membership accounts for more than ninety percent of global liner shipping capacity. These companies transport over 40 million TEU[1] of European export and import cargo, valued at EUR 1.41 trillion, each year. WSC is inscribed in the EU Registry of Interest Representatives (registration no. 32416571968-71). Further information about WSC can be found at www.worldshipping.org .

1. General Observations

The World Shipping Council strongly supports the European Commission taking regulatory and non-regulatory measures that would lead to the development of an integrated and coherent EU customs single window environment. There is considerable scope for the simplification and harmonisation and standardisation of customs processes across EU Member States. Success here would improve the efficiency and performance of trade flows by reducing the cost of duplication and accelerating logistics processes. WSC has long advocated such trade facilitation measures. The divergence of customs reporting and notification requirements and processes across EU Member States imposes unnecessary administrative and operational burdens on all participants in European trade and commerce.

WSC notes that the Customs Single Window Inception Impact Assessment that was published in mid-2018 and to which WSC also responded was geared towards simplifying multiple non-customs formalities and certification requirements (veterinary, sanitary, phytosanitary, agricultural, fisheries, environmental, etc.). These impact economic operators when applying for such documentation from the relevant competent authorities and when submitting those documents. In this regard the EC proposed to improve '…working practices between customs and other competent authorities involved in the cross-border movement of goods.' It also envisaged automated control of supporting documents and electronic feedback via integrated EU and national certificate databases. To facilitate the business-to-government (B2G) transmission of such documents, different options including a harmonised EU trader interface, harmonised national access points or an EU Customs Single Window Trader Portal were considered.

Maritime carriers are negatively affected by the duplicative and unnecessary certificate management requirements that exist today, and the measures proposed remain valuable contributions to the establishment of a customs single window environment which WSC supports.

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[1] Twenty Foot Equivalent Unit.

But the WSC calls on the EC to go further. A Customs Single Window environment worthy of the name cannot exclude **customs entry and exit process obligations** faced by carriers when bringing goods into and out of the EU. These are most notably Arrival Notifications (AN), Presentation Notifications (PN), Temporary Storage Declarations (TSD), Re-export Notifications and Exit Summary Declarations (EXS), as required by the Union Customs Code. These core UCC requirements should also be facilitated and accommodated within a comprehensive customs single window framework alongside other UCC single interfaces that are being developed (e.g. the Shared Trader Interface (STI) of the Import Control System 2 (ICS 2), and the Customs Decisions and Generic Trader Portals).

The establishment of a Single Window environment for customs will lead to significant financial gains both for public administrations and economic operators. However, the magnitude of such gains would be dependent on the number of processes and procedures that will be covered by the Single Window environment, to which the entry and exit processes remain pivotal.

2. Entry and Exit Processes within a Fragmented Customs Union

The UCC has harmonised the data requirements contained within the AN, PN, TSD and exit submissions (annex B of the UCC Delegated Act) that carriers must file when taking goods into and out of the EU. However, the data structures, message formats, IT architecture and processes for their B2G transmission remain subject to national and potentially subnational submission requirements. This generates IT development costs and documentary challenges for carriers that could be avoided. Moreover, each National Entry System (NES) and the external domains of the Automated Export System (AES) will be deployed according to their own schedules. This means that carriers that are active in more than one Member State will face a rolling implementation challenge, where in the course of one voyage a vessel calling at several ports within the EU will face a mixture of pre- and post-UCC entry/exit data requirements and a patchwork of changing and divergent IT system interfaces. Navigating such a system will require substantial resources and meticulous planning. The opportunity should be seized, building on the current initiative, to launch a joint effort by the EC and Member States to build a more efficient and consistent EU wide system that also covers entry/exit requirements.

The WSC recognizes that the Member States' NES and 'external domain' interfaces remain the exclusive competence of national administrations. However, the need for an EU level coordination and alignment is well acknowledged, not only by the EC in its push towards the establishment of EU level shared trader interfaces but also by the Member States themselves. The informal initiative taken by Belgium and several other national administrations to explore the possibilities of aligning the functional and technical specifications for their NES systems highlights the logic of a harmonised approach. This is welcome. However, there is a strong justification for the European Commission to become involved in this collaborative effort of Member States and to encourage similar efforts in regard to exit submissions in the interest of efficiency and the fullest geographic coverage. The European Commission has a unique vantage point from which to consider and act against the disparities and divergences that impede trade growth with and within the European Union. This situation and the differences between Member States will not be ameliorated without EC action.

3. What a Customs Single Window Environment should offer trade

Trade has a valid expectation to be able to interact with the EU as a genuine Customs Union. This entails data exchange with multiple authorities through common IT interfaces, harmonised regulatory submission processes, and efficient and standard sharing and reuse of data within and between EU Member States. The 'once only submission principle' is an important objective. In short, the establishment of a comprehensive EU Customs Single Window Environment is needed.

A customs single window, should allow for both "submission" of required information, i.e. the act of a declarant pushing information to a recipient, and the "pulling" of required information, i.e. the recipient downloads from the cloud, a data pipeline or any other approved system, whereby the

required information is made available by the declarant to be accessed or obtained by the party that needs it. There are and will be, an increasing number of data exchange solutions based on "pull" technology and an EU Customs Single Window must be able to accommodate such approaches in order to be 'future technology proof'.

The Inception Impact Assessment in 2018 stated that: *'The applicability of both national and EU legislation to the cross-border movements of goods and the implementation of customs and non-customs legislation by 28 national administrations further demonstrate that the EU structure bears an additional intricacy that needs to be considered when defining the most suitable Single Window environment. Given this context, the Commission and the Member States agreed to implement the Customs Single Window environment through a phased approach.'*

This is undoubtedly true. The added complexity of 28 Member States, with their legacy systems and practices, certainly increases the challenges associated with establishing an EU customs single window environment. However, it also multiplies the importance of there being a consistent EU- wide design and approach. The danger of persisting with a network of nationally designed and deployed systems in an uneven and uncoordinated manner is that the *whole* risks becoming a sub-optimal set of stove-pipe connections. This would not offer trade the consistency of access to the EU single market it desires, nor governments the cost efficiencies and system effectiveness that would derive from a coherently designed and uniform approach. Experience has shown that if the reluctance to develop genuinely European solutions is not overcome in the first instance, doing so may well become an unavoidable necessity in the second instance when the flaws of the initial approach become evident. Such was the case with the original Import Control System, deployed in 2011 and now being replaced by ICS 2. It is also the case with the 2010 EU Maritime Single Window Directive that is now being repealed and replaced by an EU Regulation to ensure uniform EU implementation. Rather than repeat this costly and wasteful pattern we urge the European Commission to work with Member States to harmonise customs entry and exit submission processes to the greatest extent possible, beginning with the current initiative.

4. Benefits of a Genuine Customs Single Window Environment

Developing a comprehensive and coherent customs Single Window Environment will reduce the administrative burden faced by transport and logistics service providers, importers, exporters and government administrations alike. That in turn will positively affect Europe's trade and global competitiveness. It will also act in support of the WTO Trade Facilitation Agreement (TFA), which entered into force in February 2017. Amongst other commitments, that agreement requires signatories to establish single windows, enabling traders to submit data requirements for import, export, or transit of goods through a single entry point. In this way the WTO TFA aims at reducing the costs to global trade caused by non-tariff barriers. On the governmental side, decreased costs for customs and other government authorities and the adoption of coordinated and consistent border management strategies that enhance national risk assessment capabilities should be weighed against the initial set-up costs of a comprehensive Customs Single Window Environment.

Genuine single window implementation will help complete the single market and support the decarbonisation objectives of the EU. The benefits will be felt particularly by maritime transport which unlike other transport modes is subject to customs formalities on every single voyage between Member States. Removing this competitive disadvantage will also facilitate the achievement of a longstanding EU environmental goal of moving more intra-EU freight shipments from Europe's congested road networks to less polluting maritime routes.

In conclusion, WSC welcomes the opportunity to contribute to this public consultation. However, we call on the EU to go further than its current level of ambition and establish a genuine Customs Single Window Environment that includes customs entry and exit formalities. Any initiative that did not include those formalities could not correctly or justifiably be called a Customs Single Window Environment.