System of own resources of the EU: implementing measures

2011/0184(APP) - 26/11/2019 - Follow-up document

The Commission presented its ninth Commission report on the operation of the inspection arrangements for traditional own resources (2016–2018) Article 6(3) of Council Regulation (EC, Euratom) No 608/2014 of 26 May 2014.

During the period 2016-2018, traditional own resources (TOR) represented a (net) amount made available of more than EUR 60 billion, with an annual average of more than EUR 20 billion. This represents a 20% increase over the 2013-2015 period.

This report analyses the operation of the inspection system for TOR for the period from 2016 to 20186. It reports on the inspections carried out by the European Commission on traditional own resources over this period and includes other activities performed to protect the financial interests of the EU.

TOR inspections by the Commission

During the period 2016-2018, the Commission carried out 68 inspections giving rise to 233 findings. Four of these inspections were carried out under the Joint Audit approach. Of the 233 findings noted, so far 134 had a direct financial impact (57.5%) and 60 a regulatory impact (25.8%).

Accounting and the customs matters are both assessed during the inspections.

- in addition, in 2016 the management of preferential tariff measures was examined in two Member States. Even if an adequate protection of the EU's financial interests is ensured considering the overall situation in Member States, in some cases additional information concerning national measures to be implemented has been requested to ensure that the procedures are correctly applied;

- in 2017 the EU external transit was examined in 18 Member States. The findings of the inspections were mainly related to regulatory issues for which Member States were requested to take prompt action;

- in 2018, the control strategy for solar panels was checked in nine Member States. The inspections revealed that several Member States misinterpreted the legal provisions of the ADD and the CVD Regulations of solar panels concerning the term consigned from and the elements defining the origin of the goods, thereby artificially limiting the scope of these Regulations which aims to protect the EU industry. This error led to financial consequences for the Member States concerned;

- in 2018, the second topic assessed in 13 Member States was the control strategy in the field of customs value in place in the Member States in order to address the risk of import of undervalued goods, especially textile and footwear imported from China, and to ensure that the declared value is the correct one. The results of the inspections confirmed that a unique ‘customs shield’ is required to pursue and protect the financial interests of the Union.

Main findings

The results recorded from 2016 to 2018 show that the Commission's inspections of TOR and the systematic follow-up of the shortcomings observed continue to be indispensable and efficient means to improve recovery of TOR and provide reassurance that the financial interests of the EU are properly protected.

The inspections continue to be a key tool to harmonise and enhance compliance with the EU rules. Their financial impact is significant, as illustrated by the additional net amount made available to the EU budget of around EUR 388 million during 2016-2018. This results in significant incentives for Member States for timely and complete making available of TOR to the EU budget. On top of this, the inspections contribute to ensure the correct application of the customs and accounting rules and thus protecting of the EU's financial interests by providing a powerful mechanism to fight and prevent damaging distortions of competition.

Challenges to face

The Commission has to face a number of challenges in the field of TOR:

- Brexit in particular represents a major issue for the Customs Union and already required the Commission and Member States to dedicate a significant amount of resources to prepare for the various potential scenarios and take all measures to protect the Union’s financial interests as regards revenues to the EU budget;

- the evolution of international trade and trends like e-commerce also represent threats and opportunities, calling for new tools and continued close collaboration between the Commission and Member States to enhance risk-based customs controls and ensure effective customs duties collection.

In that context, the Commission services in charge of TOR have strengthened their cooperation in recent years to address more effectively the challenges looming ahead. They will continue taking initiatives to improve the functioning of the Customs Union.