Basic information

2016/2075(INI) INI - Own-initiative procedure	Procedure completed
Evaluation of external aspects of the customs performance and management as a tool to facilitate trade and fight illicit trade **Subject** 6.20.02 Export/import control, trade defence, trade barriers	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	BEGHIN Tiziana (EFDD)	25/01/2016
	Shadow rapporteur BENDTSEN Bendt (PPE) RODRÍGUEZ-PIÑERO Inma (S&D) MCCLARKIN Emma (ECR) DE SARNEZ Marielle (ALDE) MINEUR Anne-Marie (GUE /NGL) BUCHNER Klaus (Verts/ALE)	

Committee for opinion	Rapporteur for opinion	Appointed
CONT Budgetary Control	ALI Nedzhmi (ALDE)	24/05/2016
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Trade and Economic Security	MALMSTRÖM Cecilia

Key events

Date	Event	Reference	Summary
12/05/2016	Committee referral announced in Parliament		
21/03/2017	Vote in committee		
07/04/2017	Committee report tabled for plenary	A8-0162/2017	Summary
15/05/2017	Debate in Parliament		
16/05/2017	Decision by Parliament	T8-0208/2017	Summary
16/05/2017	Results of vote in Parliament		
16/05/2017	End of procedure in Parliament		

Technical information	
Procedure reference	2016/2075(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	INTA/8/06471

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	CONT	PE589.219	10/11/2016	
Committee draft report		PE595.633	09/12/2016	
Amendments tabled in committee		PE599.600	03/02/2017	
Committee report tabled for plenary, single reading		A8-0162/2017	07/04/2017	Summary
Text adopted by Parliament, single reading		T8-0208/2017	16/05/2017	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2017)511	26/09/2017	

Evaluation of external aspects of the customs performance and management as a tool to facilitate trade and fight illicit trade

2016/2075(INI) - 07/04/2017 - Committee report tabled for plenary, single reading

The Committee on International Trade adopted the own-initiative report by Tiziana BEGHIN (EFDD, IT) on the evaluation of external aspects of the customs performance and management as a tool to facilitate trade and fight illicit trade.

The report noted that the Customs Union is a basic pillar of the European Union and of the largest trading blocs in the world and that the implementation of the Union Customs Code is essential for the safeguarding of EU own resources, notably customs duties, and national tax interests.

Cooperation with Member States: Members called on the Commission to work closely with the Member States to ensure a **coordinated, uniform and efficient implementation** of the new system set by the Union Customs Code. They stressed the need to address existing gaps in the control systems, develop further customs simplifications and reduce administrative burdens for legitimate traders, while ensuring at the same time appropriate, effective, efficient and harmonised controls at EU borders.

Purpose of the controls: according to the report, effective customs controls must guarantee **security, safety, the respect of environmental requirements and health regulations and EU economic interests**. Particular effort should be made as regards: (i) intellectual property rights and the fight against illicit trade; (ii) terrorism; (iii) money laundering; (iv) wildlife trafficking; (v) tax evasion; (vi) drug and tobacco trafficking and falsified medicines ,as well as (vii) combating all forms of unfair competition that European firms which comply with EU standards may face.

IT systems: Members stressed the importance of interconnected IT systems and the need to **use electronic exchanges** to access data on reliable and legal trade and make it available through channels other than customs declarations, for example through international mutual exchange programmes such as the AEO (Authorised Economic Operator) programme or the Smart and Secure Trade Lanes (SSTL) project. They insisted on the need to advance from the current “less paper” customs environment to one that is “paper-free”.

The Commission is called on, *inter alia*, to:

- cooperate with customs, border agencies on the ground and stakeholders within the EU, as well as with its trade partners, in the area of **data sharing**, in particular as regards recognition of custom controls, trusted trade partners and mitigation strategies for dismantling illicit trade networks;
- analyse the problem of seeking the **most favourable customs controls**, particularly with regard to customs clearance, inspections, sanctions and controls, and assess their impact on trade, tax revenues and customs duties;
- work closely with the Member States, the OECD and the World Customs Organisation (WCO) in reducing the existing gaps in the customs control systems by ensuring that illicit trade, counterfeiting and fraud are tackled using more systematically coordinated **risk-based controls** based on harmonised criteria for inspections;
- ensure that the progressive implementation of the Union Customs Code establishes a level playing field throughout the Union;
- work further with the Member States on **sharing best practices** on customs procedures and VAT;
- better develop an accurate cost-benefit analysis of the implications of harmonisation of the enforcement of **criminal sanctions** in place in the Member States to combat illicit trade activities;
- develop and support **joint training** opportunities for customs agents in the Member States;
- reinforce its cooperation in customs matters with its main trading partners and their customs authorities, as well as to engage in a **dialogue** with the main originating countries of counterfeit goods;
- coordinate in a better way the defence of **geographical indication** on agri-food products, within the Commission itself and also with the European Union Intellectual Property Office (EUIPO), as a genuine value added on external markets.

The report noted that the **efficiency of customs procedures** is crucial not only for trade facilitation, but also for effective and expedient law enforcement with regard to the counterfeiting and smuggling of excisable goods entering the EU. It also insisted that the quality and performance of customs controls on the transit of goods, particularly for shipment and transport operations at ports and borders, is of the first importance and must be improved.

The Commission is called upon to periodically report to the responsible committees of the European Parliament on the monitoring and evaluation of the implementation of the EU strategy and action plan for customs risk management.

Evaluation of external aspects of the customs performance and management as a tool to facilitate trade and fight illicit trade

2016/2075(INI) - 16/05/2017 - Text adopted by Parliament, single reading

The European Parliament adopted by 468 votes to 89, with 82 abstentions, a resolution on the evaluation of external aspects of the customs performance and management as a tool to facilitate trade and fight illicit trade.

Members noted that the Customs Union is a basic pillar of the European Union and of the largest trading blocs in the world and that the implementation of the Union Customs Code is essential for the safeguarding of EU own resources, notably customs duties, and national tax interests.

Cooperation with Member States: Parliament called on the Commission to work closely with the Member States to ensure a coordinated, uniform and efficient implementation of the new system set by the Union Customs Code. It stressed the need to address existing gaps in the control systems, develop further customs simplifications and reduce administrative burdens for legitimate traders, while ensuring at the same time appropriate, effective, efficient and harmonised controls at EU borders.

The resolution emphasised the importance of completing the work of **harmonising controls** at all points of entry into the Customs Union.

Purpose of the controls: according to Members, effective customs controls must **guarantee security, safety, the respect of environmental requirements and health regulations and EU economic interests**. Particular effort should be made as regards: (i) intellectual property rights and the fight against illicit

trade; (ii) terrorism; (iii) money laundering; (iv) wildlife trafficking; (v) tax evasion; (vi) drug and tobacco trafficking and falsified medicines ,as well as (vii) combating all forms of unfair competition that European firms which comply with EU standards may face. The Commission is called upon to pursue **greater collaboration with the private sector** in identifying fraudulent operators.

IT systems: **insufficient financing** to upgrade the existing IT systems and develop the required new systems is a major issue hampering progress, most notably in relation to the new Import Control System.

The resolution stressed the importance of interconnected IT systems and the need to **use electronic exchanges** to access data on reliable and legal trade and make it available through channels other than customs declarations, for example through international mutual exchange programmes such as the AEO (Authorised Economic Operator) programme or the Smart and Secure Trade Lanes (SSTL) project. Members recalled that the development of the required IT systems needs sufficient financing and insisted on the need to advance from the current “less paper” customs environment to one that is “paper-free”.

The Commission is called on, inter alia, to:

- cooperate with customs, border agencies on the ground and stakeholders within the EU, as well as with its trade partners, in the area of data sharing, in particular as regards recognition of custom controls, trusted trade partners and mitigation strategies for dismantling illicit trade networks;
- analyse the problem of **seeking the most favourable customs controls**, particularly with regard to customs clearance, inspections, sanctions and controls, and assess their impact on trade, tax revenues and customs duties;
- work closely with the Member States, the OECD and the World Customs Organisation (WCO) in reducing the existing gaps in the customs control systems by ensuring that illicit trade, counterfeiting and fraud are tackled using more systematically coordinated risk-based controls based on harmonised criteria for inspections;
- work further with the Member States on **sharing best practices** on customs procedures and VAT;
- better develop an accurate cost-benefit analysis of the implications of harmonisation of the enforcement of criminal sanctions in place in the Member States to combat illicit trade activities;
- identify where the risks lie on specific trade routes and protecting the citizens and legitimate businesses by preventing illegal products from entering the EU;
- develop and support **joint training** opportunities for customs agents in the Member States;
- reinforce its cooperation in customs matters with its main trading partners and their customs authorities, as well as to engage in a **dialogue** with the main originating countries of counterfeit goods;
- coordinate in a better way the defence of **geographical indication** on agri-food products, within the Commission itself and also with the European Union Intellectual Property Office (EUIPO), as a genuine value added on external markets.

Counterfeit: certain trade partners continue to ship the bulk of the illegal or counterfeited products entering the Union. **China and Hong Kong** are responsible for over EUR 300 million and EUR 100 million respectively. **Belarus** in 2015 alone caused a fiscal loss to the EU of EUR 1 billion, exporting products that totally circumvented VAT rules and health regulation.

Parliament noted that the **efficiency of customs procedures is crucial** for the effective and expedient law enforcement with regard to the counterfeiting and smuggling of excisable goods entering the EU. It also insisted that the quality and performance of customs controls on the transit of goods, particularly for **shipment and transport operations** at ports and borders, is of the first importance and must be improved.

The Commission is called upon to periodically report to the responsible committees of the European Parliament on the monitoring and evaluation of the implementation of the EU strategy and action plan for customs risk management.