



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

From: General Secretariat of the Council
To: Delegations
Subject: **DRAFT COUNCIL CONCLUSIONS
ON THE GOVERNANCE REFORM OF THE EU CUSTOMS UNION**

Delegations will find attached the text of the above Draft Council Conclusions, as agreed by the Working Party at its meeting on 7 May 2014.

**DRAFT COUNCIL CONCLUSIONS
ON THE GOVERNANCE REFORM OF THE EU CUSTOMS UNION**

THE COUNCIL OF THE EUROPEAN UNION

RECALLING:

- the commitment and contribution of EU Customs to the objectives of the European Union as set out in Article 2 of the TEU;
- that the EU Customs Union is one of the most successful examples of European integration and European policy;
- that while the EU Customs Union is supported by a robust legal framework, and that such falls under the exclusive competence of the Union, the responsibility for implementing customs legislation, together with cooperation to that effect, is primarily the responsibility of Member States;
- the European Commission Communication on the State of the EU Customs Union of 21 December 2012¹ which invites the European Parliament and the Council to start a dialogue with stakeholders to define priorities and to reform the governance of the EU Customs Union;

¹ COM(2012)791

- the Council Conclusions on the Progress on the Strategy for the Evolution of the EU Customs Union of 10 December 2012² which drew attention, amongst others, to the necessity to improve the internal governance of the EU Customs Union, and on cooperation with other agencies and the private sector, as well as focusing on the conditions and resources to deliver the best service to operators;
- the report of the Directors General's High Level Working Group which addresses the challenges and suggestions of the Commission Communication on the State of the EU Customs Union;
- the engagement of the European Commission to present a blueprint for the governance of the EU Customs Union by 2014;
- that the overall governance objectives are to improve the effectiveness of the functioning of the EU Customs Union, and to do so in the most cost-efficient way with economical use of resources at EU as well as at Member State level;

NOTING:

- that the evolution of the EU Customs Union in terms of volumes of activity, in implementation of information technology and in policy and legislation has been significant;

² O.J. C80, 19.3.2013, p.11

- that the conclusions of the customs administrations’ ‘self-assessment’ carried out in 2010 called for the update and improvement of the governance of implementation of the EU Customs Union;
- the conclusions of the Commission’s study on the Evaluation of the EU Customs Union;
- that the need for quick responses to evolving policy needs, demands from stakeholders, and the changing global business environment, necessitates high-level services in all areas of the EU Customs Union mission and the measurement of the results;
- the importance of close interaction with economic operators and the trade community as a means of supporting and facilitating legitimate trade and developing effective strategies with due regard to their business models;
- The Athens Declaration, agreed by the Heads of Customs Administration of EU Member States and DG TAXUD of the Commission, on the 21 March 2014, which noted a strong support for the conclusions of the Directors General High Level Working Group on Governance Reform and, in particular, that the 28 Member States unanimously endorsed the Terms of Reference of the Customs Policy Group, as annexed;

RECOGNISING:

- that measures taken to improve the functioning of the EU Customs Union should, in the light of the fact that the EU Customs Union is, in general, functioning well, be incremental in nature and in the first instance build on existing structures and procedures and duly take into account future challenges for customs governance;
- the role of Customs as the lead authority responsible for the supervision of international trade, and its role in trade facilitation, protecting financial interests and society;
- that the role of customs has evolved significantly in recent years to include an ever increasing range of tasks in areas other than revenue raising and smuggling and that it is important that this contribution is properly understood and supported at the political level, including within the Council of Ministers, and by the public at large;
- the importance of a more integrated approach to policy development in all customs related areas as a key priority for a better functioning Customs Union;
- the financial and resource constraints for Member States in implementing new policies and developing IT systems;

INVITES THE COMMISSION AND THE MEMBER STATES

- to ensure the equivalence of results in the implementation of customs legislation and to improve the measurement of performance by defining the relevant areas and developing appropriate key performance indicators (KPIs);
- to develop effective and cost efficient closer cooperation and, where possible, common action between Member States and between Member States and the Commission. In this context exchanges of good practice should be supplemented by considering concrete areas where closer cooperation and common action will produce tangible benefits to Member States and to the EU as a whole, including pooling of resources in the implementation of customs procedures. Common action may be initiated by Member State that are willing to engage in deeper cooperation with appropriate Commission involvement, and should have a clear scope, be based on a sound business cases on appropriate legal instruments and competences and should enhance the competitiveness of the EU;
- to develop a long term and coherent strategy concerning commonly managed and operated IT systems in all customs related areas, taking into consideration limited resources and financial implications;

- to take appropriate measures to enhance interaction and coordination of Customs authorities with other agencies active in the field of trade facilitation and safety and security of the international supply chain;
- to undertake the necessary endeavors to achieve a more integrated approach to policy development in all customs related areas, at EU and Member State level;
- to ensure strong and systematic interaction of customs authorities with the trading community at EU and Member State, level to prepare solutions that are compatible with trade and customs related business models and international standards;

INVITES THE COMMISSION

- In close cooperation with Member States to review and rationalize the bodies and expert groups involved in the implementation of the EU Customs Union at EU level;
- To endorse the annexed terms of reference for the Customs Policy Group;

INVITES THE CUSTOMS POLICY GROUP

- To implement the annexed terms of reference of the Customs Policy Group with immediate effect;

INVITES MEMBER STATES AND THE FUTURE PRESIDENCIES,

- To study and evaluate options for a more strategic use of customs related working parties and their best positioning within the Council structure, including the reporting mechanism and if necessary to provide the Council with a proposal accordingly;
- To take appropriate initiatives to enhance the customs role at the political level , within the Council.

Customs Policy Group (CPG)

Terms of Reference

Membership

The Customs Policy Group is made up of the Directors General for Customs in each of the Members States of the European Union and the European Commission. The CPG is chaired by the European Commission.

Role

The role of the CPG is to

- provide strategic policy advice to the European Commission on customs policy matters and how the operation of the EU Customs Union can be enhanced;
- provide collegiate leadership for the effective and efficient operation of the EU Customs Union, including leadership on operational policy implementation matters;

- share best practice and information on emerging risks and compliance challenges;
- provide strategic oversight, direction and guidance to the work of the various committees and groups under Customs 2020, including the settlement of differences of opinion that might arise out of the work of other committees or groups, steering the work of these committees and groups, and advising the Commission on the need to establish or abolish committees or groups, based on an evaluation of the value of their work;
- provide a forum for the early strategic discussion of, inter alia;
 - emerging or planned proposed new customs policy initiatives or planned legislation that will change or impact on existing customs policy or affect operational procedures;
 - operational policy implementation matters that arise from new legislation;
 - issues that will impact the Member States' organisation, human resource management, including training and educational programs, budget or capacity;
 - the choice for, the start and evaluation of monitoring actions and their results;

- all other issues that might be agreed by the members of the CPG as of a strategic nature and coming within the scope of the role of the CPG.

The European Commission, will, in the context of the agreed role of the CPG, seek, in good time, the advice of Member States on relevant matters.

Meetings

CPG meetings will be held at least three times per year, or more frequently as required. The European Commission will prepare the agenda for the meetings in consultation with the Member States and having regard to the role of the CPG.

Agendas and Rules of Procedure

The CPG agenda will consist of “A” items and “B” items. “A” agenda items are for information only and will be the subject only of a paper circulated in advance of the meeting to the members of the CPG. “A” agenda items will not be the subject of presentation or discussion at the meeting unless a Member State or the European Commission gives at least one week’s notice in advance of the meeting that the matter be the subject of discussion and clearly indicates the nature and scale of the issue to be discussed. “B” agenda items are for discussion and decision.

A request by a Member State for the inclusion of an item as a “B” agenda item, will save where the item does not come clearly within the remit of the CPG, be accommodated on the agenda of the next meeting of the CPG.

A request by at least 25% of the members of the CPG for a report by the European Commission on a specific issue or topic relevant to the role of the CPG will, save in exceptional circumstances as agreed by the CPG, be accommodated by the European Commission and within a timeframe to be discussed with the CPG.

Athens Declaration on the EU Customs Union's Governance Reform

High-level Seminar on the EU Customs Union's Governance Reform

The Heads of Customs Administrations of EU Member States and DG TAXUD of the European Commission, meeting on 20-21 March 2014 in Athens

Recalling

the commitment and contribution of EU Customs to the objectives of the European Union as set out in Article 2 of the TEU;

the European Commission Communication on the State of the EU Customs Union of the 21st December 2012 (COM(2012)791) which invites the European Parliament and the Council to start a dialogue with stakeholders to define priorities and to reform the governance of the EU Customs Union;

the Council Conclusions on the Evolution of the EU Customs Union of 19th March 2013 which drew attention to the necessity to improve the internal governance of the EU Customs Union, and on cooperation with other agencies and the private sector, as well as focusing on the conditions and resources to deliver the best service to operators;

that the EU Customs Union is one of the most successful examples of European integration and European policy;

that while the EU Customs Union is supported by a robust legal framework, and that such falls under the exclusive competence of the Union, the responsibility for implementing customs legislation, together with cooperation to that effect, is primarily the responsibility of Member States;

the previous declarations of the heads of the national customs administrations aiming at a debate on possible new ways of collaboration among Member States and between them and the Commission to reform the governance of the EU Customs Union (e.g. in Prague, Ruka);

the report of the Directors General's High Level Working Group which addresses the challenges and suggestions of the Commission Communication on the State of the EU Customs Union;

the engagement of the European Commission to present a blueprint for the governance of the EU Customs Union by 2014;

that the overall governance objectives are to improve the effectiveness of the functioning of the EU Customs Union; and to do so in a most cost-efficient way with an economical use of resources at EU as well as at Member State level;

the importance of close interaction with economic operators and the trader community as a means of supporting and facilitating legitimate trade and developing effective strategies with due regard for their business models.

Noting

that the evolution of the EU Customs Union in terms of volumes of activity, in implementation of information technology and in policy and legislation has been significant;

that the conclusions of the customs administrations' 'self-assessment' carried out in 2010 called for the update and improvement of the governance of implementation of the EU Customs Union;

the conclusions of the study on the Evaluation of the EU Customs Union;

that the need for agility against the backdrop of evolving policy needs, demands from stakeholders and the changing global business environment, require to continue providing high-level services in all areas of EU Customs Union mission and to measure the results;

that there was a strong support for the conclusions of the Directors General's High Level Working Group and, in particular, the 28 Member States unanimously endorsed the Terms of Reference of the Customs Policy Group as annexed.

With this in mind, in reviewing the governance of the EU Customs Union agree the following:

that measures taken to improve the functioning of the EU Customs Union should, in the light of the fact that the EU Customs Union is, in general, functioning well, be incremental in nature and in the first instance build on existing structures and procedures;

On this basis, particular attention should be given to the following:

Ensuring the equivalence of results in the implementation of customs legislation

Uniform legislation and harmonised implementation are vital for the effective functioning of the EU Customs Union, and it is important to deliver equivalent results, and in this respect improve the measurement of performance by defining the relevant areas and developing appropriate key performance indicators (KPIs).

Developing closer cooperation and common action

There is undoubted potential for closer cooperation between Member States. Improving effectiveness in a cost-efficient way requires that the Member States and the Commission consider the concrete areas where cooperation and common action will produce benefits to Member States and to the EU as a whole. Exchanges of good practice should be supplemented by considering and organising common action, notably in the following areas: training of customs officials; simplified procedures and AEO; risk management and crises management; consistent advance rulings e.g. binding tariff and origin information; consistent valuation practices; interoperability of IT systems using the hybrid approach.

Common action may need to be undertaken, with appropriate Commission involvement, by Member States that are willing to engage in deeper cooperation, including pooling of resources in the implementation of customs procedures, leading to significant savings at Member State and at EU level, supported by a business case.

Establishing long-term vision and strategy for IT

There is a need to develop a long-term and coherent strategy as regards commonly managed and operated IT support in customs related areas, keeping in mind the constraints on resources and financial implications.

Reaching out to other authorities

Customs is the lead authority responsible for the supervision of international trade. A more integrated approach to policy development involving joint effort by the Commission and Member States is a key priority for a better functioning Customs Union. The interaction and coordination of customs with other agencies is crucial for effectiveness and can also bring benefits in the use of scarce resources.

Ensuring close interaction with the trading community

In a world of increasing trade interdependence and supply chains the effectiveness of customs is judged not only on the basis of the protection they provide to society and public finances but also of the speed with which they handle legitimate trade. Good governance of the EU Customs Union requires strong and systematic interaction of customs authorities with the trading community at EU and Member State level to prepare solutions that are compatible with business models and international standards.

Raising the political profile of customs

The role of customs has evolved significantly in recent years to include an ever increasing range of tasks in areas other than revenue raising and smuggling. It is important that this contribution is properly understood and supported at the political level, including within the Council of Ministers, and by the public at large. In this respect, a study should be initiated on a more efficient strategic use of the customs working parties in Council and the best positioning of those working parties in the Council structure.

Delivering these priorities calls for strengthening customs policy coordination in the EU. This will require a 'fresh start' with a review and rationalising of the bodies and expert groups involved in the implementation of the EU Customs Union at EU level. Implementing the annexed terms of reference, the Customs Policy Group, which advises the Commission on customs policy matters should be proactive and focus on the strategy for the way ahead and on step by step operational implementation.

Would welcome the adoption of Council conclusions on the Communication on the State of the EU Customs Union.
