5.3 The statistical institutions of the Member States are to transmit the basic information to Eurostat in accordance with common parameters and in a common technical format (Art. 5 and Annex I).

5.4 The statistical units are those defined in Council Regulation (EC) No 696/1993 or others to be established at a later date (Art. 6), and the Commission and the Member States are to set up a quality control system (Art. 7).

5.5 Eurostat calculates PPPs once a year (Art. 8) and will be responsible for publishing these at an aggregated level for each Member State (Art. 9).

5.6 The draft Regulation does not require Member States to undertake surveys solely for the purpose of establishing the correction coefficients to be applied to the remuneration and pensions of Community officials and other servants (Art. 10).

5.7 Temporal and spatial adjustment coefficients. PPPs are calculated from the **national annual average prices (Article 2 (2)).** Given that '*data collection may be limited to one or more locations within the economic territory*' and furthermore '*to a specific period of time*', Member States should apply a **temporal adjustment coefficient** (dating back no more than one year) and a **spatial adjustment coefficient** (dating back no more than six years) (Annex I Methodology, sections 2 to 4).

Brussels, 13 September 2006.

The President

of the European Economic and Social Committee

Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the Proposal for a Decision of the European Parliament and of the Council on a paperless environment for customs and trade

COM(2005) 609 final — 2005/0247 (COD)

(2006/C 318/08)

On 17 January 2006 the Council decided to consult the European Economic and Social Committee, under Article 95 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 12 July 2006. The rapporteur was **Mr Burani**.

At its 429th plenary session, held on 13 and 14 September (meeting of 13 September), the European Economic and Social Committee adopted the following opinion by 190 votes with three abstentions.

1. **Introduction**

1.1 The Commission's proposal concerns a new electronic customs project which should ultimately make the European customs system fully automated, interoperable, secure, accessible and efficient, on a completely electronic and paperless basis. This is the necessary adjunct to implementation of the new Community Customs Code proposed by the Commission ([1]), on which the EESC has issued a separate opinion.

1.2 Adopting the proposed computerised system requires a joint and coordinated effort by all the Member States, with respect not just to customs, but also to border agencies other than customs, which will have the task of putting the concepts of the **single window** and the **one-stop shop** into practice. These two objectives will make customs procedures easier, faster and less costly for operators, and facilitate risk management controls by customs authorities.

1.3 The Member States have already invested substantially in setting up computerised customs systems, but there are considerable differences between these, in terms both of their level of sophistication and of rules and data used. Thus the current state of harmonisation is inadequate, and there is the even more serious problem, as yet unresolved, of lack of **interoperability between systems**.

([1]) COM(2005) 608 final.

1.4 Interoperability will allow information to be exchanged between customs authorities in the different countries. Evidencing concern for citizens, the proposal also makes it possible to provide **interfaces with trade**, not just to allow implementation of the single window principle, but also to guarantee exchange of information. When it is fully effective, the new computerised system will represent a decisive step towards realising a single internal market, with only external borders — if only where customs are concerned. It is also important to remember that the global nature of markets means relations with third countries must be taken into account, a factor that is not mentioned in the Commission document.

2. **General comments**

2.1 The Commission notes that the computerisation objectives for interoperable systems could also have been achieved by setting up a **centralised customs system**. However, it says that such a solution is not possible for various reasons, including the difficulty of transferring responsibility from the Member States to the Commission, which would go against the principles of subsidiarity and proportionality. However, the real reason is probably that the Member States are loath to relinquish their prerogatives, knowing that a portion of customs revenues falls directly under the Community budget. The EESC believes that Community customs management should be one of the long-term objectives of the Union; this has advantages in terms of simplicity, reliability and cost, as well as the possibility of interconnecting with other EU and third country systems. With the potential delays to the implementation of the basic systems developed by each of 25 member countries, there is a need to evaluate whether it would not be preferable to implement fully automated systems such as the Automated Import System and Automated Export System linked through a Single European Access Point.

2.2 The Commission's initiative is necessary in the first place because introduction of the new Customs Code requires that procedures be consistent with the new rules. It is also one of a series of measures adopted in various sectors in the context of eEurope and eGovernment ([2]); more specifically it follows up on the commitments made in 2003 in the Commission's communication to the Council on 'A simple and paperless environment for Customs and Trade' ([3]). However, those commitments were already made — at least with regard to introducing a paperless environment — in the 'Customs 2007' programme ([4]) and confirmed in the 2004 changes to the Customs Code regulation ([5]).

2.3 The EESC welcomes the main innovations introduced with the system proposed by the Commission: networking of national systems, the setting-up of an interface for operators based on a single window, the possibility of submitting customs clearance requests electronically and integrated risk management are undeniably major advances, provided the costs to the taxpayer and to operators are sustainable. It would therefore be as well to consider the impact of these radical changes on customs officials (resources, training, career paths, adaptation).

2.4 However, the EESC wishes to make some comments on the integration of computer systems and their complementarity. The Commission aims to achieve full interoperability of customs systems: this means that customs authorities must be able to exchange information with each other and with 'other authorities involved in the international movement of goods'. This definition clearly does not include **authorities responsible for collecting VAT**; however, a link between customs and VAT staff could be useful, at least in certain cases and for certain goods, in order to control **counterfeiting of origin marking**. This is nothing new, of course, but it is a phenomenon that is on the increase: goods imported from third countries are often circulated (with payment of VAT) within the Community bearing labels of European origin or false 'European' labels.

2.5 The EESC would also draw attention to the second recital of the proposal for a decision: 'The pan-European eGovernment action … requires measures to increase the **efficiency … to help combat fraud, organised crime and terrorism** ….' The intention is clear; what is less clear is how the objective can be achieved by the provisions contained in the proposal. Collection of customs data cannot be used for other purposes without **setting up a system for communicating with other systems**.

2.5.1 In December 2004 the Council adopted the **Hague Programme** based on a Commission assessment ([6]) and a European Parliament recommendation of 14 October 2004. This programme sets out a series of measures and actions to strengthen EU security, with a view to **'securing police, justice and judicial cooperation'**. A follow-up document (of 10 June 2005) presented an **action plan for implementing the Hague Programme**, which referred to a Council of Justice and Home Affairs ministers resolution of 30 March 2004 on customs cooperation, and a communication on the fight against cross-border trafficking in restricted or prohibited goods. In another follow-up document ([7]) customs cooperation was again cited as a priority issue. All the projects envisaged in the above-mentioned documents concern the **availability of information**

([2]) Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, COM(2003) 567 of 26.9.2003.
([3]) COM(2003) 452 of 24.7.2003, quoted in the EESC opinion on the Customs Code.
([4]) COM(2002) 26 of 21.3.2002, subject of EESC opinion in OJ C 241 of 7.10.2002.
([5]) COM(2003) 452 of 4.8.2003, subject of EESC opinion in OJ C 110 of 30.4.2004.
([6]) COM(2004) 401 final.
([7]) COM(2005) 184 final.

for law enforcement purposes, a matter which is also mentioned in the Hague Programme. Given the overall context and the nature of the projects under way, it seems obvious to the Committee that in designing a computerised customs system intended to last, it is essential to ensure that, when the system starts operating or at a later point, **the customs database interacts with other systems**, especially with internal, European and third country security systems. Respect for privacy, professional secrecy and data protection must, of course, always be paramount.

2.5.2 This concern is not raised at all in the Commission document, except in the quote in point 2.5 above. Nor, on the other hand, does the Commission's explanatory memorandum anywhere mention the Hague Programme; the section 'Consistency with the other policies and objectives of the Union' mentions only the Lisbon strategy and the eEurope and eGovernment initiatives. Notwithstanding Article 3(d) — which is discussed below — such a major omission cannot be coincidental, and the Commission should clearly explain the reasons for it. In any case, the fact remains that it would not be acceptable to simply postpone an initiative which should be adopted without delay.

2.5.3 When it was drawing up this document, the Commission organised six seminars in the space of two years; it consulted users; and it discussed the matter in the Customs Code Committee, the Customs 2007 electronic customs group and the Trade Contact Group. But there is no mention of contacts with Europol, OLAF or other directorates-general of the Commission. A system cannot be planned solely according to the requirements of its direct users; if it must be designed to connect with other systems, there must be an understanding of their characteristics and needs. The EESC thinks that the reservations it expressed in its opinion on the Community Customs Code are now being borne out in so far as there is no proper awareness **of the interdependence between different public administrations in the fight against crime**.

2.5.4 A complete change in approach along the lines indicated in the previous point would probably be difficult owing to the time constraints fixed by the programme with respect to implementation. However, it would surely be possible now to provide for **security measures for 'sensitive goods'** (e.g. arms, explosives, nuclear materials, machines and equipment for the chemicals, nuclear or defence industries, narcotics, alcohol and tobacco). Such measures could form the basis for surveys that would be forwarded to the relevant authorities automatically or on request.

2.6 In accordance with the subsidiarity principle, the **financial burden on the Community budget** is that required to ensure system interoperability, a single interface and customs portals. This cost is estimated at EUR 180 million, divided into incremental annual appropriations, starting at EUR 4 million in 2006 and rising to EUR 111 million from 2011. The EESC endorses this, but is puzzled by the decision to charge **the cost of national customs portals** to the Community budget. Even though portals are in principle available to all operators, whether national or from another EU country, it is likely that each will be used principally by national operators. It would therefore make more sense for the cost of portals to be borne by individual Member States rather than by the Community. Of course, the terms would be different if the Commission were talking about European portals, which it does not refer to explicitly.

2.7 As regards **implementation deadlines**, the Commission has drawn up a list of milestones which are mandatory for all the Member States. These are based on the date of publication of the Decision in the OJ: **three years** for adopting interoperable automated customs clearance systems, registration systems for economic operators and information portals; **five years** for setting up a network of single access points and an integrated tariff environment corresponding to Community standards; and **six years** for providing single window services. The EESC considers these deadlines, especially the first one, to be **rather optimistic**: three years is not a long time bearing in mind that this has to include several months for testing the programmes and sharing information with the other parties involved. Moreover, not all Member States have the same level of computerisation or availability of financial and human resources. If failure by one or more Member States to meet the deadlines forced the Commission to grant extensions, this would jeopardise the efficiency of the system and above all its credibility. Therefore the current Multi-Annual Strategic Plan (MASP) needs to be revised taking into account:

— the need for all Member States to have fully implemented the system before it goes live, and

— the need for business to have a minimum of 12 months in which to prepare systems, after receipt of full requirements from customs in their Member State. Industry and trade should not be obliged to submit the Summary declarations for imports and exports before homogenous systems are fully operational.

3. Specific comments

3.1 **Article 2: Objectives.** The objectives include seeking a common approach to the control of dangerous and illicit goods. It would be advisable to re-formulate this objective in the light of the EESC's suggestion in point 2.5.4.

3.2 **Article 3: Data exchange.** Under Article 3(d), customs systems must allow data to be exchanged with 'other administrations or agencies involved in the international movement of goods'. The EESC has already expounded its views on the inadequacy of this definition (see point 2.5 ff.). If the Committee's suggestion that the Hague Programme be included under the heading 'Consistency with the other policies and objectives of the Union' is taken on board, the wording of this point must be adapted accordingly. Whatever happens, the text must be worded more clearly so that it is not open to interpretation: it is not clear whether it refers to 'administrations … involved in the international movement of goods', as an alternative to 'agencies', or whether the reference is to 'administrations' in general; if the latter is the case, it should be clearly specified that by using this term the Commission wishes to signal a new approach that is consistent with the Hague Programme. The current rather vague wording and its interpretation leave too much room for uncertainty.

3.3 **Article 4: Systems and services, and timetable.** As noted in point 2.7 above, the deadlines for implementing the system seem over-optimistic: the Commission should discuss them again, from a technical point of view, with the Member States and **with their bodies that are directly involved**, so as to be sure that all those concerned explicitly guarantee they are capable of completing the tasks within the required time frame.

3.4 **Article 9: Resources.** The article divides responsibility for the human, budgetary and technical resources required between the Commission and the Member States: the former is responsible for the Community components and the latter for the national components. The article is correctly formulated, but it must be read in conjunction with Article 10 as regards the meaning and substance of the terms 'Community components' and 'national components'.

3.5 **Article 10: Financial provisions.** This article is also properly formulated, but its interpretation might be problematic. The third paragraph states that the Member States shall bear the costs of the national components, 'including interfaces with other governmental bodies and economic operators'. It must be assumed that **portals** — which generally operate in the language of the Member State and are tailored to the needs of that country's economic operators — will be considered **national components**. However, the explanatory memorandum (see point 2.6 above) states that portals are regarded as **Community components**, which would not be an obvious interpretation to anybody reading only the text of the article. The EESC thinks that this point should be revised: in substance, if the EESC's comments are accepted, and otherwise at least in form, for the sake of transparency.

3.6 **Article 12: Reports.** Member States must submit a report by 31 December each year on progress made and results achieved. The Commission in turn sends a consolidated report to the Member States by 31 March each year, which should include the results of any monitoring visits and other controls. There is nothing exceptionable about this in principle, but the Committee wonders what the implications of 'monitoring visits' are and whether their results should be made public.

3.7 **Article 13: Consultation with economic operators.** This article states that the Commission and the Member States shall 'regularly' consult economic operators at all stages of the preparation, development and deployment of the systems and services provided for. Consultation is to take place through a mechanism which brings together a representative selection of economic operators on a regular basis. The EESC considers this type of mechanism to be consistent with normal Community practice and with the principles of consultation and transparency; however, experience shows that consultation must not draw attention to too many disparate demands and contradictions that might create obstacles which would take a long time to overcome and require unreasonable compromises. The consultative phase should therefore be compatible with the need to reach a prompt decision.

3.8 **Article 14: Accession and candidate countries.** This article states that the Commission shall inform accession and candidate countries about initiatives taken and progress made in the various phases, and allow them to take part. The wording here is vague: it is not clear whether the countries in question may take part actively or only as observers; whether they are allowed to introduce parallel customs systems with a view to their accession; and in such cases whether they would be entitled to funding from the Community budget. The EESC asks that the wording of this provision be made more transparent.

Brussels, 13 September 2006.

The President

of the European Economic and Social Committee

Anne-Marie SIGMUND