EUROPEAN
COMMISSION

Brussels, 28.10.2020
SWD(2020) 239 final

COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the document

Proposal for a Regulation of the European Parliament and of the Council

establishing the European Union Single Window Environment for Customs and amending Regulation (EU) No 952/2013

{COM(2020) 673 final} - {SEC(2020) 360 final} - {SWD(2020) 237 final} - {SWD(2020) 238 final}

Executive Summary Sheet

Impact assessment on the EU Single Window Environment for Customs initiative

A. Need for action

Why? What is the problem being addressed?

The smooth flow of cross-border trade requires efficient customs clearance and control procedures that ensure the safety and security of people and businesses in the EU. This is partly being achieved through the electronic systems mandated in the Union Customs Code, which are replacing paper-based procedures with electronic ones. However, more than 60 non-customs EU acts as well national non-customs legislation (in health and safety, the environment, agriculture, fisheries, international heritage, market surveillance, etc.) must also be enforced at external borders. This requires documents other than customs declarations and affects up to 13% of the nearly 300 million goods movements each year, many of which are highly sensitive. Since authorities often work in silos, with unaligned systems and processes, many goods are handled in ways that are inefficient, and conducive to error and fraud. For example, some authorisations allow quantities of goods to be split across multiple customs declarations and are valid EU-wide. While authorities need to validate the quantities used, manual checks are both time-consuming and insufficiently accurate. These problems cannot be solved without new EU action, partly because they relate to EU formalities. National efforts are also often piecemeal and could exacerbate the problem due to a lack of interoperability and to the cross-border nature of trade. The most relevant EU initiative in this area, EU CSW-CERTEX, has had some success but is only voluntary and has a limited scope.

What is this initiative expected to achieve?

The general objective is to improve the enforcement of regulatory requirements for an enhanced protection of the EU and to facilitate international trade. To meet this objective the initiative will:

- define a governance framework for enhanced cooperation between customs and partner competent authorities and develop interoperable solutions where beneficial and appropriate;
- improve working practices between the regulatory authorities involved in international trade to enable more automated, electronic and integrated processes for dealing with the goods clearance;
- determine a framework for data harmonisation and enable the re-use of data in order to fulfil the different formalities required by customs and non-customs authorities for international trade.

What is the value added of action at the EU level?

The identified problems are inherently transnational, as they involve the cross-border movement of goods, and any error or fraud taking place in an individual Member State can have an EU-wide impact. The EU, given its responsibility for the Customs Union and for the non-customs regulatory requirements in question, is well placed to coordinate action, tackle fragmentation and generate economies of scale. Existing and expected action has been shown to be inadequate, because: (i) continued fragmentation/lack of interoperability would limit the benefits of gradual digitalisation and modernisation; (ii) national initiatives would be few due to resource constraints and not allow certain key functions such as EU-level quantity management; and (iii) EU CSW-CERTEX (a voluntary initiative) would lose momentum if not followed by mandatory action.

B. Solutions

What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why?

Eight policy options were identified. These do not form a list from which a single option could be chosen, but rather fall into three broad categories, which could be packaged to form a future policy choice:

- Category I (options 1-4; combination of options possible): options for government-to-government cooperation that would make it easier for customs and partner competent authorities to share information. Each option has a different scope. Option 1 makes EU CSW-CERTEX mandatory and covers EU regulatory requirements managed at EU level, providing an automated quantity management functionality. Option 2 covers EU regulatory requirements managed in national electronic systems. Option 3 covers national regulatory requirements, and option 4 third-country documents.
- Category II (options 5-7; only one option possible): options for business-to-government cooperation aimed at improving economic operators' interactions with authorities. Option 5 sets up a harmonised trader portal for EU certificate management. Option 6 establishes single windows at national level to provide economic operators with harmonised access points. Option 7 institutes a single-entry point at EU level.
- Category III (option 8): a cross-cutting option to streamline the way customs and partner competent authorities identify economic operators. It would rely on the expanded use of the existing Economic Operator Registration and Identification (EORI) system, either for registration and validation (8i) or just for validation (8ii).

options 1, 2, 6, 7 and 8ii were retained for in-depth analysis based on a screening exercise. The impact analysis identified impacts of a similar nature for all options. Direct economic impacts would include one-off implementation costs and recurrent costs, and savings from a reduced administrative burden for customs authorities, partner competent authorities and economic operators when enforcing EU legislation and dealing with goods clearance. Some (unquantifiable) trade benefits would also be achieved. Enhancing cooperation and facilitating the sharing of information between the authorities

responsible for goods clearance would also improve risk management processes and reduce instances of fraud and human error. This would in turn improve compliance with and enforcement of the non-customs legislation, and generate related social and environmental benefits.

Different packages of options were compared in terms of effectiveness (i.e. enforcement of relevant regulatory requirements and trade facilitation), efficiency, coherence with other policies and proportionality to identify the preferred option. This showed that the largest benefits were only possible from packages including both category I and category II options, while option 8 (ii) adds incrementally to any package. Options 1 and 6 were found to be cost-effective, coherent and proportionate, while options 2 and (especially) 7 were highly problematic in these respects. The preferred package is thus options 1+6+8(ii).

Who supports which option?

During the extensive consultation, Member State authorities and economic operators expressed the following views:

- Option 1: nearly unanimous support, based on the proven success of its predecessor EU CSW-CERTEX, important expected benefits and relatively limited implementation costs.
- Option 2: only limited support, due to its complexity and high implementation costs, and limited benefits.
- Option 6: moderate to strong support. Economic operators appreciated its ability to facilitate trade by delivering on the full single window concept by providing a single access point for dealing with clearance requirements.
- Option 7: very limited support due to its complexity and very high costs. Economic operators viewed it positively for its ability to streamline and harmonise customs processes throughout the EU.
- Option 8(ii): though limited in scope, support from nearly all stakeholders as a way to streamline processes.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise main ones)?

The preferred policy package of options 1+6+8ii offers several relative advantages. It received the highest levels of stakeholder support. It is also expected to generate significant direct economic benefits, totalling € 209.4m to € 311.5m per year once fully operational (i.e. after a phased implementation over 7 years). While the total economic benefit is less than for the most expansive option packages, the value for money of the preferred option package is nearly 1.5 times higher, showing its proportionality. This is in addition to wider trade benefits that are likely to be substantial but could not be quantified. In terms of environmental and social impacts, this package would combine the major benefits of option 1 with additional gains from the increased data harmonisation and interoperability expected from option 6, as well as incremental benefits from option 8(ii) related to better economic operator identification. Only minor benefits would be foregone from not including option 2. Overall, it can be said that this package maximises the EU's ability to act as a catalyst for the single window concept, providing a framework for implementing EU policy in an effective and proportionate way, and demonstrating value for money.

What are the costs of the preferred option (if any, otherwise main ones)?

One-off implementation and recurrent costs would be borne by the European Commission, national authorities. Implementation costs include IT spending, process change management, training and support, and are expected to be phased over a period of 7 years. Later, recurrent costs will include maintenance, periodic updates, support and day-to-day operations. The estimated costs are (in €m, low and high ranges except for EC costs):

Total for gradual implementation years 1-7	EC	64.73	Annual total once fully operational, from year 8 onwards	EC	6.35
	Total MS authorities	64.38 to 127.73		Total MS authorities	5.91 to 11.75
	Total	129.11 to 192.46		Total	12.26 to 18.10

How will businesses, SMEs and micro-enterprises be affected?

The main problems affect businesses, especially SMEs, and the initiative therefore focuses on trade facilitation and reducing administrative burdens, particularly by saving time and making clearance simpler and more automated. It is estimated that the preferred option package would lead to benefits for economic operators of €494.1m to €688.4m during the 7 years of phased implementation, followed by yearly benefits of €141.2m to €196.7m, in addition to trade benefits that have not been possible to quantity. Since businesses will be not required to purchase new equipment or quickly adopt new processes, costs are considered negligible.

Will there be significant impacts on national budgets and administrations?

The initiative takes advantage of the Commission's potential to generate economies of scale. However, there are significant costs for administrations in terms of spending on IT hardware and software, process change management, training and support, as detailed above.

Will there be other significant impacts?

Extensive stakeholder consultation and examination of similar initiatives in other Member States indicated no impacts beyond those identified. While issues regarding the protection and security of economic operators' data could arise, these will be addressed under the relevant EU legislation.

D. Follow up

When will the policy be reviewed?

Regular monitoring and periodic evaluation plans have been developed. The former will rely on sources at both EU level (e.g. IT deliverables and statistics) and national level (e.g. data on clearance times). Evaluation will take place 6 years after entry into force of the legislation and every 3 years thereafter.