

THE EVOLUTION OF THE CUSTOMS UNION

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Abstract:

Today, the custom is confronted with an environment in a very fast change: in full evolution models of production and consumption, enhanced international commercial exchanges, global threats as terrorism, organized crime, climate change and new dangers, such as commerce with dangerous products.

In this context, the customs authorities from the E.U. play an essential role: their mission is to assure, at any given time, the equilibrium between the protection of the society and the facilitation of commerce through controlling the chain of supply, both at the external at the external border, and within the E.U. The customs services have information's concerning the important merchandise circulation in or exported in the E.U. and it applies sophisticated methods and systems for the control of all types of merchandises.

In order to allow the custom to continue fulfilling its role in this exigent environment, it was launched an ambitious reform.

Key words: custom, competitiveness, facilitating, control, protection

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INTRODUCTION

The customs union of the European Union (E.U), which celebrated 40 years at the first of July 2008, represents one of the fundamentals of the European Community. Since its creation, the customs union it extended both quantitative, from 6 to 27 members, and qualitative, becoming a sole market. This contributes to the prosperity of Europe, through facilitating the commerce, both within the Union, but with third countries as well.

The Commission, with the member states, realized a deep evaluation of the customs role, and the obtained results were the object of same high level discussion with the customs administration of the member's states. It was reached an agreement in what it concerns the necessity of improving the work methods and of consolidating the global coordination.

CONTENT

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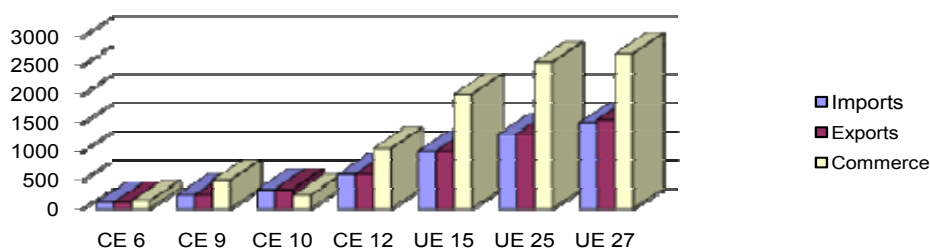


Figure no. 1. Extra-CE/UE* Commerce (1968 - 2007)

* Extra CE6 (1968-1972), Extra CE9 (1973-1980), Extra CE10 (1981-1985), Extra CE12 (1986-1994), Extra CE15 (1995-2003), Extra UE25 (2004-2006), Extra UE27 (2007).

** Estimate based on 11 months of 2007 and on the share of December 2006 of total trade in 2006.

Source: IMF (DOTS) from 1968 to 2006, Eurostat (Comext, Statistical regime 4) 2007.

In order to allow the custom to continue fulfilling its role in this exigent environment, it was launched an ambitious reform. This reforms aims, firstly, to fulfil its role, bringing up to date the legal frame, with the imminent publication of the Modernist Customs Code, recently adopted. Secondly, it is presently enforced a decision of the European Parliament and of the Council concerning the creation of a pan European electronic customs system- which means a custom and commercial environment without paper- which's objective is to establish an efficient channel of communication between all the customs services from within the Community, between the customs authorities and the other public authorities which display their activity at the border, as well as between the public authorities and the economic operators.

The future organization and the human dimension of the customs administration assumes a global development on the long term, based on a new brought up to date strategic objectives in what it concerns the custom. It was proposed the modernization of the work methods, developing the professional competencies of the employees and the reallocation of the resources in a competent and efficient manner. This last element of the reform process would allow to the customs administration to evolve parallel with the international commerce, to continue offering the protection that the citizens, the economic operators and governments aspects, contributing, in the same time, to maintaining the E.U. economic competition.

Creating the sole market meant bringing down all customs formalities from the borders between the member states. The national customs authorities became responsible for the protection of the external borders in what it concerns the merchandises, transforming itself this way in the sole mean of protection of the free circulation within the members states, against the illegal commerce or of the commerce with dangerous merchandises.

The national customs authorities have, among other, and the responsibility of protecting the financial interests of the community at a high level of efficiency, taking in consideration that the perceived taxes for products import represents 15% from the total income of the community (approximately 17 milliards Euro/year).

From creating the sole market, in 1993, the international commercial context has changed: the supplying with merchandise and materials is more and more done, at a worldwide range, and concepts such as delivering on time enhance the expectations of the economic operators in what it concerns the operability of the customs controls. In the same time, the terrorist and criminal organizations have developed more and more sophisticated methods of action.

The customs authorities of the E.U. have a pivot role, in tight cooperation with other authorities that allows them to:

- Sustain legal commerce and to consolidate the competitiveness
- To assure the correct payment of the taxes
- To combat the falsification and piracy
- To sustain the fight against other types of fraud, against organized crime, of drugs and terrorism, through processing the information, through identifying the modification that happen

in the structure of the commercial exchange and through realizing some risk analyses to identify the fraudulent, terrorist or criminal activities

- To implement the measurements of commercial policy (for example the preferential commercial agreements, contingents and antidumping measurements)

- To protect the surrounding environment and the citizens against the dangerous merchandises of any kind.

Presently confronting an exigent environment in fast evolution, the customs authorities must be able to continue assuring high class services to the citizens and to the commercial societies from within the E.U.

Modernization and simplification of the legal and technological customs frame, started a few years ago, through, the adoption in 2005, of a major modification of the Communitarian Customs Code which gave to the customs authorities from the E.U. the power to implement some of the most advanced security measurements in the world, creating in the same time, an environment that won't disturb the legal commerce

Once, completely put in application, the Modernized Customs Code will assure the necessary simplification for both the customs control and the commercial exchange to function better, faster and cheaper.

The decision to create an environment based upon informatics is already a big step ahead in the direction of interconnecting the informatics and of communication systems. Answering to the needs of modern logistics, an electronic pan European customs will allow the growth of the commercial operators competitiveness that display their activity in Europe, it will reduce the conforming costs with the customs regulations and it will enhance the safety at the E.U. borders.

The proposal to modify the dispositions of administrative reciprocal assistance in the customs area will lead to a rationalization and enhancement of the present informatics systems and to the enhancement of fight capacity against fraud in the customs sector.

These are judicial and technological important advances that will offer to the customs service's adequate instruments for the near future and on medium term as well.

It is necessary though to be seen beyond these aspects and to be defined a strategic frame for the modernization of the work methods of the customs services and, as a consequence, to be allocated adequate resources in a coordinated manner.

The main objective is to maintain the key position of the custom as a key, modern and efficient partner of commerce, capable to protect the fiscal, of safety and security interests of the Community, in collaboration with other governmental agencies and that have the necessary instruments to respond in crises situation and to be able to face the new exigencies in the area of public policies. For this purpose, the customs services of the E.U. must have common strategic objectives:

- **Protection:** *To protect society and the financial interests of the Community through:*

1. assuring the correct and efficient collecting of taxes;

2. applying some efficient measurements to stop the illegal, the ones under restriction or the forbidden merchandise circulation;

3. developing some efficient methods to evaluate the risks, that will contribute to the fight against terrorism and of the criminal activities, including drug traffic and of the counterfeit and piracy merchandise;

4. preventing, identifying and, in a national frame, judicial inquiring and prosecution of frauds and abuses in the domain of the customs legislation;

5. using the reciprocal administrative assistance to assure the correct application of the legislation in the customs and agricultural domain.

- **Competitiveness:** *To sustain the competitiveness of the European companies through:*

1. modernizing the environment and the work methods (for example through adopting some systemic methods, through the continues harmonization of the work methods, etc.);

2. applying a free of paper customs environment (electronic customs) and

3. adopting a proactive attitude in what it concerns the standards, through recognizing the international standards, such as the ones promoted by The Worldwide Customs Organization, there where is the case, and through developing new European standards that may serve as a model throughout the world.

➤ **Facilitating:** *To facilitate legal commerce through:*

1. developing and enhancing the control systems to reduce the interference in the merchandise circulation, as well as the administrative weight to the necessary minimum in order to achieve other public policies objectives, such as security norms and through

2. assuring some facilities for the economic operators in order to reduce the conformity costs.

➤ **Control:** *To control and administrate the supplying chains used for the international circulation of the merchandises through:*

1. the enhancement, consolidation and efficiency of the customs controls in the most adequate place (at the border or within) for the supplying chains;

2. applying, correctly and coherent, the communitarian and national legislation in what it concerns the control and circulation of merchandises;

3. making more efficient and the systematization of the exchange information concerning the risks;

4. examining the possibilities to exchange information with the major players in order to establish a control and administration system of the supplying chain;

➤ **Cooperation:** *To maintain, develop and amplify the cooperation of quality between the customs authorities of the member states, between these ones, other governmental agencies as well as between the customs authorities and the business community through:*

1. deepening the existent customs cooperation;

2. coordinating the actions meant to protect the financial interests of the Community;

3. assuming the role of leader in developing the mechanisms that would allow a coordination a bit fluid with other agencies that display their activity at the border (services with sole interface);

4. enhancing the cooperation and consulting mechanisms with the business environment;

5. consolidating the international cooperation or of the reciprocal administrative assistance in the customs domain, through the proper agreements and through the extension of the participation to international forums, with the abilities to adopt legislation or international decisions (such as embargoes, agreements in the domain of environment, agreements about the rights of intellectual propriety, etc).

In order to achieve this strategic objectives, it must be develop a new approach for continues adaptation and enhancement of the common methods of work from the customs domain. Only continues development and strategic investments in abilities, competencies and resources may maintain the efficiency and efficacy of the customs services. The strategy offers a structured broach, which will allow the realization of these changes in a synchronized and harmonious way for all the 27 member states.

In order to achieve these objectives, the political support from the member states is of vital importance.

CONCLUSIONS

Based upon the experience accumulated from applying the decision concerning the electronic customs, through which is established a multiannual strategic plan as a base for all the involved parties (the Commission, the member states and the economic operators), in order to plan the resources for each of it, it is proposed that developing of a similar strategy in order to guarantee the coordinated and uniform application of the common strategic objectives mentioned before.

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