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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE**

on the EU Strategy and Action Plan for customs risk management:

Tackling risks, strengthening supply chain security and facilitating trade

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1. Introduction

Smooth and safe trade flows are of critical importance to the economic growth and competitiveness of the European Union (EU) which is also the world's largest trading block. Effective management of risks in the international supply chain is crucial to ensuring the security and safety of EU residents, the protection of the financial and economic interests of the EU, while at the same time facilitating legitimate trade. The EU single market and customs union requires, for their proper functioning, customs to tackle risks consistently. In order to strengthen the integrity of international supply chains, risk management by EU customs must be improved.

After full implementation of the Security Amendment¹ of the Community Customs Code² in 2011, the Commission published, in January 2013, an analysis of the implementation of customs risk management policy. The Communication³ identified gaps in the current approach and proposed a way forward. In June 2013, the Council⁴ invited the Commission to bring forward, in cooperation with the Member States, 'a coherent strategy on risk management and supply chain security based on a step by step action plan and thorough cost benefit analyses, covering inter alia legal, procedural and IT aspects'.

This Communication puts forward a strategy for improving customs risk management and supply chain security ('the Strategy') and a table of priority actions ('the Action Plan')⁵ in the annex attached.

2. Scope of the Strategy

The Strategy embodies a number of key objectives, underpinned by the overall aim of reaching a high-quality, multi-layered approach to risk management which is effective and efficient. It outlines appropriate risk mitigation and control measures, to be employed at the most opportune time and place in the supply chain. It takes account of the variable nature and broad range of risks to be addressed, and the primary responsibility of customs authorities in the supervision of the EU's international trade in goods. The Strategy takes account of the role of other competent authorities involved in supply chain movements, and underlines the need

¹ Council Regulation (EC) 648/05

² Council Regulation (EEC) 2913/92

³ COM (2012) 793 final, 8.1.2013

⁴ Council Conclusions 8761/3/13, 18 June 2013

⁵ These were developed together with Member States experts.

for complementarity. It also refers to the international context of risks and the importance of international cooperation in risk management. The Strategy also takes account of the importance for the EU of facilitating and accelerating trade, the central role of economic operators, and the necessity to avoid undue disruption of logistics and supply chain processes.

3. An Action Plan to improve risk management

The Action Plan details a series of measures for each objective. The actions are aimed at closing the identified gaps to achieve strengthened capacities for EU customs authorities progressively and more systematic cooperation with other agencies, economic operators and international trading partners. The Action Plan includes activities to support or develop international norms and standards where appropriate.

The most fundamental underlying challenge concerns the need for high quality data on supply chain movements and its proper availability and exploitation for risk management purposes by customs and other competent authorities. Ensuring that the appropriate capacities and methodologies are developed and implemented to enable and facilitate collaboration among authorities will be a key element of future progress.

4. Coherence and complementarity with other EU initiatives

When implementing the Strategy and Action Plan, the Commission will pursue complementarity and coherence with ongoing, related initiatives, both in customs (e.g. Union Customs Code⁶, mutual administrative assistance⁷) and in other policy areas. Account will be taken of security initiatives notably in the area of internal security⁸, air cargo security⁹, maritime security (including e-Maritime and CISE)¹⁰ and the review of export control policy¹¹. Other relevant transport policy initiatives will also be considered, including the reporting formalities directive¹² setting up national single windows for reporting and sharing ship-related information and linking it with other national electronic systems, SafeSeaNet data exchange system¹³ allowing information exchange between Member States, and e-Freight as part of 2011 Transport White Paper¹⁴ aiming at making logistics more efficient and less costly through simplifying the access and use of information in logistics.

Relevant policy initiatives for product¹⁵, animal, food and feed safety, protection of the environment, in particular FLEGT¹⁶ and CITES¹⁷ will also be taken into account as well as

⁶ Council Regulation (EU) 952/13, 9.10.2013

⁷ Draft proposed amendment of Council Regulation (EC) 515/97

⁸ COM(2010) 673 final, 22.11.2010 and its follow-up

⁹ Council Conclusions 17563/10, 7.12.2010

¹⁰ JOIN(2014) 9 final, 6.3.2014, and EU Maritime Security Strategy, adopted by the Council 10915/14, 24.6.2014

¹¹ COM(2014) 244 final, 24.4.2014

¹² Directive 2010/65/EU

¹³ Directive 2002/59/EC

¹⁴ COM(2011) 144 final, 28.3.2011

¹⁵ COM(2013) 76 final, 13.2.2013

¹⁶ Council Regulation (EC) No 2173/2005, 20.12.2005

¹⁷ Council Regulation (EC) No 338/97, 9.12.1996

related initiatives in the area of intellectual property rights (IPR) such as the EU Customs Action Plan to combat IPR infringements¹⁸, the IPR Enforcement Action plan, which foresees the development of an EU due-diligence scheme as a means to prevent commercial scale IPR infringements¹⁹, and the Strategy for the Protection and Enforcement of IPRs in third countries, which targets improved international cooperation²⁰.

5. A Cost-Benefit Analysis to support the approach

The Commission has commissioned a study to identify and review costs and benefits of alternative approaches to support the implementation of the Strategy. Its primary focus was on the potential solutions for improving data quality, availability and use for risk management purposes relating to goods entering the EU. The options assessed were: (1) a fully decentralised approach with all developments carried out at Member State level and peer-to-peer communication; (2) a shared services approach with the creation of a common repository to support data availability to Member States and a related platform to integrate and streamline the communication workflow between Member States; and (3) a shared services approach with the addition of a common external interface for the submission of data by trade independent of the Member State competent to receive the data.

The study concluded that the creation of a common repository to enable appropriate and timely sharing of information would make an essential contribution to ensure effective customs risk management in the EU. The common external interface for traders would provide additional benefits through the reduction of cost to traders.

The Commission will consider carefully the available options and practical implementation issues including organisational and funding implications. This work will be carried out as a priority.

6. Conclusions

The Commission will take the necessary initiatives to implement this Strategy and Action Plan, notably in the context of the Union Customs Code and associated IT developments, and will adopt a consistent approach with other EU initiatives in the domain of data collection. The Commission draws the attention of the Council and the Parliament to the importance of the implementation of this strategy and action plan. It calls on Member States and other stakeholders to contribute to an effective and efficient implementation.

¹⁸ Council Resolution 2013/C 80/01, 19.3.2013

¹⁹ COM(2014) 392 final, 1.7.2014

²⁰ COM(2014) 389 final, 1.7.2014