



## **ESPO policy paper on Customs**

December 2012

### **I. Introduction**

The European Sea Ports Organisation represents port authorities, port administrations and port associations of the maritime EU Member States and Norway and has observer members in Albania, Croatia, Iceland and Israel, ensuring that seaports have a clear voice in the European Union.

Seaports are the principal gateways of Europe's internal and external trade and play a fundamental role in the overall competitiveness of the EU. Seamless movement of goods through ports is key to the smooth functioning of supply chains and is crucial for maritime transport to fully develop into a credible alternative for intra-EU movement of goods.

Efficient, streamlined and equivalent customs procedures are key for the well functioning of European ports which have to cope with increasing volumes and speed required by international trade.

In this paper, ESPO identifies a number of operational improvements linked to customs procedures in ports and outlines a number of policy recommendations.

### **II. Operational improvements**

1. *To establish fully electronic and automated procedures for maritime transport of intra-community freight/containers. An electronic T2L (e-T2L) (or equivalent document) would facilitate and simplify compliance with Customs legislation by proving community status of the goods through electronic means.*

A number of facilitations are in place (in particular for regular intra-community shipping services) which allow simplified customs procedures. However, it is not always possible for shipping lines to obtain the qualification "authorised regular shipping service" and take advantage of simplified procedures attached to that.

Furthermore, it is remarkable that the release at ports of intra-community traffic in non-authorized regular shipping services is more complex and requires more paperwork than the procedure to release non-community freight which is already completely electronic and automated. Both types of traffic should have similar (automated) customs clearance procedures. In fact, there should be differentiation only between:

- A. Intra-community traffic shipped on authorised regular shipping services, and
- B. All other traffics, i.e.:
  - Intra-community traffic shipped on non-authorized regular shipping services, and
  - Non-community traffic.



For type-A traffic a “fast track / green lane” procedure should be applied (as is already implemented), while for type-B traffic a “normal” procedure should be in place. Since this procedure for non-community traffic is already fully automated, this should also be possible for intra-community traffic shipped on non-authorized shipping services.

In many EU ports, the handling of Community and non-Community goods on the terminals is mixed and can't be treated separately because of the physical configuration of the port and terminals. However, separation should not be necessary since the two types of traffic mentioned above (A and B) can be identified by the combination of the Bill of Lading number and the type of service it has been shipped with (authorized or non-authorized). For each traffic the appropriate customs clearance route to be followed can be easily determined.

2. *To facilitate the procedures linked to intermodal transport (inland barge and rail) by eliminating the need for a transit document from the port of discharge to the inland terminal where the final Customs clearance takes place (“in bond” transportation).*

There is a need to improve the procedures linked to transit movements from the port to inland destination in Europe (not only in the country of the port) by rail or inland barge. In particular the requirement to produce an in-bond transit document for the inland transport leg by rail or barge from the port customs area (on the terminals) to the inland terminal customs area should be simplified and automated by linking the relevant cargo document number with the identification number of the rail shuttle or the inland barge. The movements of trains and inland barges en route to the inland port terminal can always be traced by traffic control systems for rail or barge transport (e.g. AIS for barge traffic) .

3. *A one-stop-shop and single window for import goods at Border Inspection Post would facilitate the coordination of physical inspections by different authorities and would speed up the submission of information and the release of the cargo in ports.*

The Border Inspection Post (BIP) protects animal and public health through a system of controls at ports of import. The checks involve several different authorities (phytosanitary, veterinary, health, customs, etc..) and are designed to monitor and enforce compliance with EU and national legislation setting out import conditions.

A one-stop-shop and single window accommodating all relevant authorities and harmonized in all Member States would streamline inspections and information processing at ports. Information would be submitted once and controls and physical inspections would take place in a coordinated way at the same time and at the same place regardless of the responsible administration involved.



### III. Policy recommendations

#### 4. *Context and timing of the implementation of EU Directive 2010/65 on reporting formalities for ships*

ESPO is closely following the implementation of the EU Directive 2010/65 on reporting formalities for ships which establishes a “single window” linking SafeSeaNet, e-customs and other electronic systems as the place where all information is reported once and made available to various competent authorities and the Member States.

ESPO asks the Commission to clarify the relation between the national single window development (Directive 2010/65) and the e-Customs initiative in order to avoid two co-existing single windows, one for vessels and one for cargo reporting. In most cases vessel operators are responsible for submitting both vessel and cargo related information, at least for customs clearance in the ports. Furthermore, alignment between the both national single window and e-customs is required for a uniform application of the Modernized Customs Code.

The Directive 2010/65 stipulates that Member States shall accept the fulfilment of reporting formalities in electronic format and their transmissions via a single window as soon as possible and in any case no later than 1 June 2015. ESPO encourages the Commission to take the necessary actions to guarantee that this deadline is met by all Member States.

#### 5. *The application in the Mediterranean ports of the EU’s Advance Cargo declaration regime results in cargo being diverted to neighbouring ports in North Africa. To ensure a level playing field, ESPO recommends that cargoes transhipped in EU ports (i.e. third country origin and destination cargo) are exempted from the entry summary declaration (ENS) implementation or, at least, that the information requirements become less exhaustive.*

In many cases shipping companies do not have the information requested by the “Entry Summary Declaration” (ENS) (for instance: the “buyer” and “seller” information) available in advance (24 h before loading on the vessel). In those cases customers (shippers and importers) ask shipping companies to tranship the cargo at non-EU ports where this procedure does not apply. The European Commission should ensure that EU customs legislation does not harm the competitiveness of EU transhipment ports in the Mediterranean and ensure a level playing field with North African ports.

#### 6. *An equivalent application of Community customs rules across EU ports*

Differences in application of Community customs rules in EU ports are still being reported (e.g. differences in number of checks and frequency, in VAT procedures with regard to incoming goods; in procedures to prove Community status of goods, etc...). These different practices lead to “port shopping” by shipping lines and shippers, affecting competition between European ports and to unequal treatment of traders.



ESPO invites the Commission to develop in cooperation with the Member States and the relevant authorities, mechanisms that ensure an equivalent application of Community customs rules across EU ports. The Commission should encourage Member States to implement best working practices and set common standards in all EU ports. ESPO also recommends that practical cooperation between public authorities in charge of cargo controls and private parties is reinforced.

In particular, ESPO welcomes the work of the contact groups of customs managers RALFH (northern EU ports) and ODYSSUD (southern EU ports). Within these groups, the customs managers of the ports work towards increasing practical co-operation and coordination between the customs offices of major EU ports. They address differing national, regional or local applications of Community customs rules, set standards, and aim to achieve an equivalent application of controls. ESPO encourages more ports to join these groups and proposes to increase the cooperation of such groups with the port authorities and the business community. The exchange of comparative data concerning customs practices (e.g. comparative port study of organisation cooperation in cargo-related control between the ports of Rotterdam and Genoa) is a useful tool to identify the main issues to address via a common approach.

*Enclosure: Comparative port study of organisational cooperation in cargo-related control between Port of Rotterdam and Genoa*