

Summary Report Customs: New security rules enter fully into force on 1 January 2011	Summarised report by <i>Tony Richman</i>
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THE FOLLOWING **UPDATE REPORT** IS BROUGHT TO THE ATTENTION OF ALL FEDEMAC MEMBER ASSOCIATIONS AND DIRECT AFFILIATES FOR INFORMATION PURPOSES AND WITH A CONTINUING REQUEST FOR SUPPORT AND ASSISTANCE IN DISCUSSIONS AND LOBBYING WITH REPRESENTATIVES AND OTHER RELEVANT ORGANIZATIONS AT NATIONAL AND EUROPEAN LEVELS WHENEVER THE OPPORTUNITY ARISES

FEDEMAC UPDATE REPORTS ARE PRODUCED ON A REGULAR BASIS. MEMBERS ARE POLITELY REMINDED THAT MANY 'NEWS' ITEMS ARE TIME/DATE SENSITIVE

Further to our interim explanation report 01.09.10 regarding on-going developments (EORI numbers, HS Code numbers, EU 24 hour manifest rule, etc.) in connection with customs, security and shipping requirements – see important reminder/information/developments below.

Customs: New security rules enter fully into force on 1 January 2011

From 1 January 2011, traders will have to make an electronic declaration to Customs with security data on goods before they leave or enter the European Union. The aim of this measure is to increase security in international trade, by enabling customs to carry out better risk analyses on the basis of the information received in advance and therefore to better target controls. Traders have benefited from a transitional period to adapt their electronic systems to these new rules since July 2009.

From 1 January 2011, all traders involved in customs transactions and international logistics will have to provide EU Customs with security data through electronic declarations, before goods are brought into, or out of, the European Union. In addition, a uniform set of EU risk-criteria will be applied by Member States when carrying out Customs controls on goods entering or leaving the EU.

Recent air cargo security incidents have shown that the reinforcement of Customs risk analysis systems is essential for good security. Access to security data at an early stage, i.e. before goods physically arrive at the border will allow cargo movements to be more efficiently screened and enable Customs authorities to carry out better risk analyses. As such, Customs will be better able to focus controls on high risk cargo, while quicker processing and release of goods at entry or exit will help to ensuring smooth trade.

The type of security data requested from the traders varies according to the means of transport and the reliability of traders involved in the operation. It can include, for example, a description of the goods, information on the consignor or exporter, the route of the goods, and any potential hazards. The time limits for submitting advance

security data also vary according to the means of transport: from 24 hours in advance of loading for maritime cargo to 1 hour before arrival for road traffic or even less for certain air transport.

Since 1 July 2009, it has been possible for traders to submit their advance declaration on an optional basis. From 1 January 2011, it will be compulsory.

As emphasised above, the complete requirements are very complex and traders are advised to check formalities with their own authorities and agents.

More detailed information can also be found at a specific website dedicated to the new security measures in customs:

http://ec.europa.eu/ecip/security_amendment/index_en.htm

FEDEMAC LOBBYING

One part of the very complex set of legislation requirements is for shippers to complete an ENS (Entry Summary Declaration or Exit Summary Declaration)

Officially, either an HS (Harmonised System) code or a plain language cargo description is required to be provided in the ENS, but (*officially, at least for the time being*) not both.

However, it is clear that most shipping lines are insisting upon the use of HS numbers from 01 January 2010 (*probably refusing to ship consignments without such numbers*)!

(The exact language in the Explanatory Notes in Annex 30A of the relevant EU legislation reads:

“Goods description: [ENS]: It is a plain language description that is precise enough for customs services to be able to identify the goods. General terms (i.e. consolidated”, „general cargo “ or „parts”) cannot be accepted. A list of such general terms will be published by the Commission. [Note: This has been done at:

http://ec.europa.eu/taxation_customs/resources/documents/customs/policy_issues/customs_security/acceptable_goods_description_guidelines_en.pdf].

“It is not necessary to provide this information where the commodity code is provided”.

The Explanatory Notes to Annex 30A clarify that, if a commodity code is provided instead of a plain language cargo description, then only the first four digits of the CN (Customs Nomenclature) HS code are required. The exact language reads: “Commodity code: [ENS]: First four digits of the CN code; it is not necessary to provide this information where the goods description is provided”.

The problem until now has been that a specific code number for ‘used household goods consignments’ had not been allocated in the + 90 Chapters containing thousands of HS code numbers in the official Customs Nomenclature list for consignments entering/leaving the EU.

FEDEMAC has carried out a concerted campaign, lobbying at European Commission, World Customs Office and Member State levels as well as networking with allied organisations, over the last year to try to make the 27 EU Member States and the European Commission aware of the nonsensical and unsustainable situation which would have arisen on and after 01 January 2010, if traders had to enter a different number for each and every item in a household removal consignment – everything from shoes, shirts, trousers, toys – all the different furniture items and upholstered goods whether they were wooden, metallic, plastic, glass etc., etc.

The European Commission supported our logic but was up against many other interests/concerns through the ‘Member State’s working group committee stages’ and Commission’s own internal departments (where discussions have to be cross-referred via several departments) – mostly related to security/safety risk issues.

The good news is that as of today the Commissioner has approved an amending draft Regulation which still has to be published in the ‘OFFICIAL JOURNAL’ (OJ) in order to become law – but these formalities are expected (hoped) to still be achieved before 01 January 2011.

The draft Regulation allocates code number 9905 00 00 for movement, in or out of the European Union, of used household goods belonging to natural persons moving their normal place of residence and code number 9919 00 00 for movement of wedding trousseaux/HHG arising from weddings of natural persons and also for inherited goods.

The numbers will be harmonised throughout the 27 EU Member States which is a further huge success as, during the difficult negotiations to try to achieve a single number, the risk remained that each MS would choose/implement its own number within Chapter 99.

Worldwide, complications still remain as different countries use different numbers, even sometimes under different Chapters! Furthermore, we understand that some countries have not yet even issued a number – which, technically, could cause huge problems for household removal consignments entering/leaving such countries.

This said, FEDEMAC's immediate priorities have been to achieve to achieve a 'single number' system for movements in and out of the EU. **Subject to the notification in the OJ, we have achieved this major success despite the huge problem in surmounting security risk questions and, not least, in obtaining agreement between 27 different countries and the EU Institutions.**

We have also kept our colleagues at IAM & FIDI HQs aware of the developments.

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