

# ***AmCham EU position on Customs & Trade Facilitation in TTIP***

## **Executive summary**

TTIP presents a critical opportunity to eliminate the remaining tariffs and barriers to transatlantic trade, streamline and modernise customs processes and harmonise customs practices between the EU and US. In this paper we highlight a number of customs and trade facilitation measures that AmCham EU members believe will reduce costs and stimulate trade for businesses of all sizes – particularly SMEs – to deliver greater consumer choice while protecting safety and supply chain security.

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*AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled €2 trillion in 2014 and directly supports more than 4.3 million jobs in Europe.*

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## **Introduction**

In light of the ongoing negotiations for a Transatlantic Trade and Investment Partnership (TTIP) between the EU and US, AmCham EU wishes to reiterate its key priorities for customs and trade facilitation in TTIP to negotiators on both sides of the Atlantic.

Customs control the flow of goods traded across borders, and in many cases it is these controls that determine whether or not companies, particularly small and medium-sized enterprises (SMEs), engage in trade beyond their national borders in the first place.

The objectives of TTIP in customs and trade facilitation should be to eliminate the remaining tariffs and barriers to transatlantic trade, streamline and modernise customs processes and harmonise customs practices between the EU and the US. These efforts should be carefully managed to ensure that EU consumer health and safety standards and supply chain security are safeguarded.

Improved customs procedures could enhance business practices and create the conditions for increased investment and innovation in the transatlantic economy. Companies of all sizes would benefit from an improved transatlantic regulatory environment that could reduce the costs of doing business and stimulate trade. Consumers, in turn, would benefit from a wider choice of products and services, delivered at more competitive prices.

To ensure that the agreement delivers the greatest benefits to businesses and consumers on both sides, we outline below a number of measures that we believe will simplify and modernise customs procedures to boost legitimate trade and create growth opportunities in the EU and US. We urge the negotiating parties to maintain an open and constructive dialogue with all stakeholders to ensure that their positions are continually informed by the views of business and society.

## **Tariff elimination**

Most of the trade between the EU and US is no longer subject to tariffs, and the remaining duties have largely been lowered to between 2 and 3%. TTIP should seek to eliminate or lower all remaining tariffs, which would create immediate savings for businesses and consumers. An ambitious timeline – factoring in trade volume and patterns - should also be set to eliminate tariff peaks, which increase supply chain production costs for any business operating on both sides of the Atlantic.

## **De minimis threshold**

Raising and harmonising the '*de minimis*' threshold (under which no duties are charged and clearance procedures are minimal) will considerably reduce costs for SMEs and consumers, particularly in view of the rapid growth of e-commerce. When multiple import taxes are levied the threshold should be identical.

## **Expansion of trusted trader programmes**

US and EU trusted trader programmes (C-TPAT and AEO respectively) are, to a certain extent, already mutually recognised. TTIP presents an opportunity to deepen this mutual recognition, and

further extend the range of measures that facilitate trade for trusted traders, e.g.:

- Developing a plan to gradually remove the obligation to lodge a 'safety and security declaration' if both shipper and recipient have been accredited as trusted traders
- Risk assessing trusted traders on the basis of their controls, compliance and security processes rather than on individual shipments, which would create clear efficiency gains and allow customs authorities to focus their scarce resources on other critical areas including safety, security and fraud
- Establishing a common, single online application process in the US and EU that would be mutually accepted by both parties

### **Separating the release of goods from clearance**

AmCham EU supports provisions allowing the release of goods at import based on advanced data submitted prior to their arrival. This should be separate from the formal clearance process and payment of customs duties and other import taxes, so as to expedite trade and allow faster receipt of products.

Consideration should be given to separating the process of declaring and paying import duties versus Value Added Tax (VAT) in the EU. Managing both through a single customs authority current creates a substantial compliance burden; separation would lower costs for importing companies and consumers.

### **'Single Window' and coordination of border inspection services**

Many countries around the globe have or are in the process of implementing a 'Single Window' which allows documents to be submitted through a single electronic portal, so that goods only have to be physically stopped once. This information would otherwise have to be provided to different agencies engaged in border controls and managed through many different IT systems. Best practices in the US should be shared with and considered by the EU in their plans to develop and implement a European 'Single Window', which would facilitate trade between the two continents.

AmCham EU also encourages negotiators to agree to coordinate safety and security inspections of goods through one, designated agency operating under the same standards and procedures on both sides of the Atlantic.

### **Harmonisation and simplification of customs rules and border formalities**

TTIP should pave the way for the systematic harmonisation and simplification of rules, programmes, IT systems, screening methods and equipment standards. Importantly, it should lead towards harmonised and minimal data set requirements in the EU and US. With the growing importance of electronic customs processes, this creates potential to turn transatlantic trade flows into a smooth supply chain, unlocking new growth and employment opportunities.

To achieve this, AmCham EU recommends:

- consolidating existing safety, security and other border control related programme(s) by removing duplication

- only developing new joint initiatives based on common needs and proven added value, taking into account international norms
- creating one single, commonly agreed minimum dataset for export data, import declarations and declarations related to border crossings
- agreeing to develop a plan and timeline to phase out existing non-tariff barriers to the greatest extent possible

### **Trade facilitation for expedited shipments**

Expedited delivery services have become increasingly important to ensuring the continued global competitiveness of companies on both sides of the Atlantic. Such services enable businesses of all sizes to minimise their inventory costs through the provision of rapid and secure delivery services. TTIP should provide a separate and expedited customs procedure for express shipments, allowing the necessary information to be submitted and processed electronically before the shipment arrives in order to facilitate the immediate release of goods.

### **Free trade zones and drawback procedure**

Customs operations and commercial transactions through free trade zones should not be excluded from TTIP. Free trade zones (FTZ) create opportunities to reduce costs across the supply chain and promote the development of key industries across trading partners.

Following the model of the EU-South Korea Free Trade Agreement (FTA), the drawback procedure (refund of duties) should equally not be prohibited in TTIP. There should be a possibility to administer refunds for import duties on intermediate products under outward-inward processing procedures that do not enjoy a tariff reduction or elimination.

### **Further development of Joint Customs Cooperation Committee**

A Joint Customs Cooperation Committee (JCCC) has existed between the US and EU since 1997. To ensure the long-term success of trade facilitation and customs modernisation measures that may be adopted in the context of TTIP, we strongly encourage any remaining customs, safety and security and border control obstacles between the US and EU to be discussed in this forum. In the long term, this forum could also be used to exchange information on transatlantic trade facilitation between policy-makers and stakeholders from the business community, and to promote further improvement and harmonisation of customs procedures and border regulations.

### **Clear and accessible customs information for all**

The trade costs for SMEs are often more significant than for large companies. To afford SMEs better opportunities for their products to be easily imported or exported, information on customs clearance and other rules, standards and requirements associated with importation and exportation should be clearly explained and easily accessible online.

### **Conclusion**

AmCham EU acknowledges that the next TTIP round could bring momentum to make a major leap forward in the negotiations between the US and EU to reach an ambitious agreement including a customs chapter that will facilitate existing and future transatlantic trade. Simplifying and

standardising customs procedures will directly contribute to a safe and predictable supply chain for consumers and companies, large and small, affected by trade across the Atlantic. AmCham EU is strongly committed to working with the US and EU governments to achieve these common goals.