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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT AND THE COUNCIL**

**Strategy to prepare certain neighbouring countries for accession to the 1987 EC-EFTA
Conventions on a common transit procedure and the simplification of formalities in
trade in goods**

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Conventions on a common transit procedure and the simplification of formalities in
trade in goods**

1. EXTENDING THE CONVENTIONS - OBJECTIVES AND GENERAL CONDITIONS

- 1.1. The 1987 Conventions on common transit and the simplification of formalities in trade in goods¹ currently have four contracting parties (European Union, Iceland, Norway, Switzerland²) representing 30 countries. Since their inception, they have proven their worth as instruments of trade facilitation by establishing a common procedure for the circulation of goods under customs supervision to avoid bottlenecks at border crossings and by harmonising the format of the customs declaration for the export, import and transit arrangements.
- 1.2. In response to the recommendations made by the European Parliament's Committee of Inquiry on Community transit in February 1997, the Commission made the commitment not to propose any new extension of the Conventions before the Community and common transit procedures had been reformed and computerised. The legislative component of the reform of the transit arrangements was implemented on 1 July 2001. The corresponding operational framework is in place and the computerisation of transit implemented and further legislation was enacted to reflect that the standard transit procedure is carried out electronically³.
- 1.3. In 2001, the Commission proposed a strategy⁴ on accession to the Conventions for some of the EU candidate countries at the time⁵ which spelt out the conditions a country must be able to meet before accession can take place. The Communication put the focus on EU candidate countries as it considered accession to the Conventions as part of an overall EU membership strategy and gave special consideration to the early stage of implementation of the new computerised transit system (NCTS).

Following the EU enlargement in 2004, Turkey, which is continuing preparations to join the Conventions in the near future, is the only country currently covered by the Communication from 2001.

¹ Published in OJ L 226, 13.8.1987, p 1 and OJ L 134, 22.5.1987, p 2.

² Liechtenstein is considered part of the Swiss customs territory for the purpose of the Conventions.

³ Commission Regulation (EC) No 1192/2008, OJ L 329, 6.12.2008, p. 1 and Decision No 1/2008 of the EC-EFTA Joint Committee on common transit, OJ L 274, 15.10.2008, p. 1..

⁴ COM(2001) 289 final

⁵ Estonia, Latvia, Lithuania, Bulgaria, Romania, Slovenia and Turkey.

- 1.4. The prospect of accession to the Conventions should be confirmed for the EU candidate countries that were not considered in the Communication of 2001 (Croatia and the Former Yugoslav Republic of Macedonia) as well as for potential candidates.
- 1.5. In line with the pre-conditions set by the 2001 Communication, and the realization of a fully functional computerised transit system allowing for a better control of operational risk, it is now possible to consider the accession of further neighbouring countries to the Conventions in order to facilitate trade.

Extending the Conventions to further countries able to implement them is clearly in the interest of the Union and of European traders and will promote alignment with the relevant EU acquis in the region. In order to maintain the Convention's regional character the Communication should define countries qualifying as potential contracting parties and foresee a review after five years assessing whether further countries qualify as potential contracting parties.

- 1.6. The Commission will continue to help prepare these countries for accession to the Conventions under the best possible conditions. When a decision must be taken on a country's readiness for accession, special regard will be had to the latest developments in the Union in the implementation of the modernised Community Customs Code and the possible consequences this has for the Conventions as well as the relevant aspects of Deep and Comprehensive Free Trade Agreement negotiations with the country concerned.

2. OUTLINE OF THE STRATEGY FOR EXTENDING THE CONVENTIONS

- 2.1. Extending the 1987 EC-EFTA Conventions on a common transit procedure and the simplification of formalities in trade in goods to new partners who are able to apply them is in the interest of the Union and European trade. It will promote trade facilitation and reduce border congestion.

Extension of the Conventions is in line with the Communication on a European Neighbourhood Policy⁶ which emphasised that legislative approximation in the area of customs and capacity building and modernisation, including computerisation, contributes to trade facilitation.

- 2.2. In order to maintain the Conventions' regional character the Communication should define a specific group of countries as potential contracting parties and foresee a review after five years to consider further countries as potential contracting parties.

Just as in 2001, care should be taken to establish a managed process of extending the Conventions in order to make the best use of available resources and to learn from the operation of the common transit procedure in a wider geographical area. To that end, it is suggested to identify a limited group of countries where the Union has the most to gain from connecting them to the common transit system, provided they meet all the accession criteria.

⁶ COM(2004) 373 final

This group should consist of EU candidate and potential candidates, the countries covered by the Eastern Partnership Initiative (Armenia, Azerbaijan, Belarus⁷, Georgia, Moldova and Ukraine) which explicitly foresees the development of a roadmap leading to accession to the Conventions⁸, and Russia, where the objective of trade facilitation forms an integral part of the Roadmap for the common economic space that the EU and Russia have agreed to create⁹.

- 2.3. As emphasised in the 2001 Communication¹⁰, a country can only be invited to accede to the Conventions if it is able to implement the whole of the *acquis* on common transit and the simplification of formalities in force at the time of the invitation to accede, on the legal, operational and computerisation levels. National legislation must therefore have been aligned on that of the Conventions; the customs service must be able to fulfil the practical and financial requirements and have a computerised transit system (NCTS).
- 2.4. In addition, the Commission will devise, on behalf of the Union and in cooperation with the other contracting parties to the Conventions, a series of measures designed to ensure the overall consistency of the preparations with the implementation of customs instruments on legislation and integrated application at administrative level.
- 2.5. These measures include the granting of informal observer status in the common transit and simplification of formalities joint committees and working parties, insofar as this is not the case yet¹¹. This will help the countries in question in their preparations to implement the *acquis* on common transit and the simplification of formalities and the future development of the Conventions, particularly in relation to the Union's e-Customs project. They will also be eligible for transit-related initiatives (training seminars, exchanges of officials) organised under the 'Customs 2013' programme. Their situation with regard to the Convention *acquis* on customs computerisation will be evaluated to help better identify what progress needs to be made and which requirements have to be met.

3. CONCLUSION

- 3.1 The Commission asks the Council and the European Parliament to endorse the proposed strategy on the extension of the EC-EFTA Conventions on a common transit procedure and on the simplification of formalities in trade in goods to the EU candidate and potential candidates, the countries covered by the Eastern Partnership

⁷ The creation of a customs union between Belarus, Kazakhstan and Russia may require a simultaneous accession of these countries to the Conventions.

⁸ Commission staff working document accompanying the Commission Communication on the Eastern Partnership (COM(2008) 823)

⁹ Press Release, 15th EU-Russia Summit, 10 May 2005, 8799/05 (Presse 110).

¹⁰ See point 1.2.

¹¹ The following countries have this status at present: Belarus, Croatia, Georgia, Former Yugoslav Republic of Macedonia, Moldova, Russia, Serbia, Turkey and the Ukraine.

Initiative, Russia, and, if the customs union between Belarus, Russia and Kazakhstan so requires, also with Kazakhstan.

- 3.2 Any decision by the EC-EFTA Joint Committees to invite a country to accede to the Conventions should therefore be preceded by an evaluation of that country's state of preparation in the light of the implementation of the common transit system, in its current and computerised form, in the current contracting parties.