



Mr. Paolo Gentiloni
European Commissioner for Economy
European Commission
Rue de la Loi 200
1049 Brussels
BELGIUM

8 April 2020

Dear Commissioner,

The COVID-19 pandemic has a strong economic impact on businesses, affecting both supply and demand as well as international and intra-EU supply chains. On 16 March BusinessEurope issued a [first statement](#) on what is needed to protect businesses, our society and our economy. In this letter, we would like to highlight the impact we see in the area of customs and communicate a number of requests that can help businesses in delivering essential supplies and mitigate the economic impact on businesses as much as possible.

Supply chain disruptions as a result of the COVID-19 pandemic

The COVID-19 pandemic is leading to supply chain disruptions due to several factors. First and foremost is the supply shock that originated from China at the start of the crisis as a consequence of the measures imposing a national lockdown. The European automotive sector, for example, faces a shortage of critical components sourced from China which has been one of the factors contributing to a temporary shutdown in production across plants in Europe.

Second, the growing number of trade restrictive measures imposed around the world in response to a potential shortage of critical goods has a number of knock-on effects and encourages other countries to do the same. Additional disruptions in international logistics compound these supply chain problems. For example, the reduced number of flights, restrictive conditions (such as flying to repatriate European citizens), and the risk that pilots are required to undergo quarantine have a strong impact on air cargo. We issued a [joint statement](#) on 19 March as part of the Global Business Coalition asking governments to keep global air cargo networks and the critically important goods they contain moving.

Third, the measures taken by different Member States within the Single Market such as bans on the movement of certain goods or [the reintroduction of internal border controls](#) and [transport measures](#) leads to a high degree of fragmentation and disrupts intra-EU supply chains. These lead to longer transport times, significant transport capacity losses, and severe consequences for vital end-to-end supply chains. We welcome the Commission's 'Green Lanes' initiative in an effort to address these problems and strongly encourage its swift and effective implementation in order to maintain critical supply corridors that are also essential to maintain trade flows with the rest of the world. Moreover, ensuring that supply chains of essential goods and services in particular (such



as medical, food, digital, pharmaceutical, energy), remain fully functioning and that trade continues to flow normally is of utmost importance and crucial for Europe's economy. In this regard, the European Commission's guidance to ensure a more unified approach within the EU on critical infrastructure and essential goods and services would be helpful.

Fourth, the current crisis shows that certain customs procedures can lead to bottlenecks in the midst of a sudden surge in the demand of particular medical and protective equipment, as well as affecting trade in different ways. Moving and storing certain goods across the EU's external and internal borders requires additional authorisations and licenses in many cases. In order to maintain functioning supply chains, it is essential to rapidly grant the authorisations required. Another issue that stems from the impact of the crisis on our customs procedures relates to issuing certificates of origin. Lockdown measures imposed across Europe means that chambers of commerce are closed and instead resort to issuing e-certificates of origin. Some of our trading partners do not accept digital certificates without paper certificates. Lebanon, for example, is a case in point in this regard and has led to a difficulty in delivering goods.

What the EU can do to alleviate the immediate impact on business in the area of trade and customs

Companies are heavily affected by the COVID-19 crisis in two main ways. First, the restrictions on operations, movement and contact lead to significant reduction in economic activity. Second, the supply chain disruptions described above affect the ability of businesses to maintain their operations due to a shortage of supplies. The "just-in-time" delivery model of many companies means that a prolonged interruption of their supply chain could cease operations altogether. Both of these problems could lead to severe financial pressures in the coming months.

In order to mitigate the impact of the COVID-19 crisis, we have a number of requests that aim to facilitate trade, improve liquidity, and simplify customs procedures that would reduce the burden on business during this challenging time.

1. Temporary tariff suspensions to facilitate imports of critical goods

The global surge in demand for certain products that are vital to combat the COVID-19 virus require measures to facilitate imports as much as possible. We welcome the European Commission's decision to temporarily waive customs duties and VAT on imports of medical devices and protective equipment from non-EU countries. This initiative applies to goods that are purchased by public entities or relief entities involved in the fight against COVID-19.

However, we believe that the same treatment should also be reserved for private entities as this is critical to ensure that essential economic activities remain functional. We therefore call for a temporary tariff suspension for all products that are directly or indirectly vital in fighting the virus for the duration needed to offset the worst supply



shortages, for instance until the end of 2020. We support the [product list](#) published by the World Customs Organisation in this regard, and would invite the Commission to closely monitor the availability of other critical supplies in which Europe depends on imports.

Besides these end use products, we also encourage the European Commission to consider temporarily suspending tariffs on important raw materials and intermediary goods that are required in production of these critical end products. For example, due to the high increase on hydrogels demand, sectors are changing their production capacity in order to respond to the health and sanitary national demand. As a consequence, firms are competing for the same raw materials and product packaging, and are sometimes unable to find national and on-time suppliers for essential intermediate products such as: alcohol, glycerin, plastic bottles, stoppers, metering valves.

In order to ensure that there is sufficient supply of these critical goods across the EU, priority routes for important goods and for the transport of specific goods (including qualified personnel accompanying the goods) such as “Green lanes” should be established for all intra-European supply routes.

2. Measures to improve business liquidity

The sudden collapse in economic activity has left many businesses, particularly SMEs, struggling to maintain liquidity. Business requires measures across the board to offset these impacts, and we have called for a comprehensive package of measures in our 16 March statement. There are additional specific measures in the area of customs that could help businesses maintain their liquidity as much as possible. These include:

- **Postponing the payment of customs duties** until the COVID-19 crisis has ended, as well as **waivers for particular deadlines** (e.g. such as requests for refunds that are currently limited to 3 years).
- **Allowing delayed payment of customs debts and other related taxes and payments.** Provisions within the Union Customs Code allow for the delayed payment of customs debts in special circumstances (Art. 108, 112, and 114). Although this is up to Member States to implement, it would be most helpful if the Commission could raise this with Member States.
- **Reducing guarantees or allowing the overstepping of guarantees** in order to increase liquidity for businesses.
- **Allowing companies to choose sea freight costs or freight costs via road in case of air cargo as basis for the customs value.** This could be based on the urgency of critical components in order to resume manufacturing (until end of the year). An alternative could be to use FOB as basis for the customs value like done from other countries (e.g. Australia).



3. Temporary procedural improvements to ease the administrative burden on business

There are a number of measures that can be introduced in the area of customs that could help speed up the processes and ease the administrative burden on businesses. These include:

- **Ensure sufficient capacity to perform customs checks and tasks.** Customs authorities should ensure sufficient capacity to perform the additional tasks that accompany new rules and internal border measures. Otherwise the queues will end up being so long that these will cancel out the effect of other measures aimed at reducing the administrative burden on businesses.
- **Extension and flexibility in deadlines for Customs procedures and other formalities.** Due to long waiting times at external and internal EU borders, reduced capacity for the public and private sector, general disruption in transport and at the same time a major increase of certain goods, the deadlines for closing certain customs procedures cannot be met in all cases. The issue is especially pressing in relation to Transit procedures but also affects other procedures such as supplementary declarations, temporary admission, export and temporary storage. We therefore urge the Commission to allow for an extension of deadlines where procedures have already started and longer deadlines for procedures which still have to commence.
- **Allow additional flexibility on amendment or cancellation of Customs procedures.** Many Customs procedures, declarations or other notifications might need to be cancelled or amended due to the current situation. Consequently, additional flexibility to do so would be required to allow the cancellation or amendment of Customs procedures, declarations and other notifications.
- **Allow the provision of documents, certificates and other paper-based evidence in digital format.** Despite the EU's ambition to digitise all exchange of information related to Customs formalities, still many documents, certificates and other paper-based evidence need to be provided physically by economic operators to Customs authorities. Likewise, where certain validation by authorities such as stamps or signatures is required, this equally remains to be done physically and in person by those authorities. In order to safeguard the health of both the officials and the employees of economic operators and to minimise workload and waiting times, we urgently request pragmatic solutions which allow for the digital exchange of the documentation.
- **Reduce non-essential or non-time pressure related physical and administrative checks to a minimum and focus on crucial formalities.** Because of reduced capacity on the one hand and additional measures and demand for certain products on the other hand, enormous delays and disruption have occurred at external and internal EU borders. We therefore urgently call upon the EU Commission to advise and assist Member States authorities to reduce non-essential or non-time pressure related physical and administrative checks to a minimum and focus on crucial formalities.



- **Simplify or waive certain formalities for special procedures temporarily in order for companies to obtain authorizations quickly.** All existing and new authorisations should be eligible. This should for example be done for end use procedures. Companies should not be obliged to provide administrative proof that goods have followed the approved end use (for instance, proving that the goods are used for the production of specific goods).
- **Simplify procedures to obtain special procedure authorizations for goods critical to support the fight against COVID-19,** such as the possibility to receive temporary inward processing relief. For example, if a company decides to start the production of facemasks and the raw material is imported from 3rd countries and no generic suspension applies, the duties on these raw materials should be suspended via End Use. In order to avoid lengthy discussions whether or not the producer fulfils the demands of an end use authorisation, the procedure to obtain such an authorisation should be immediately granted / easy to obtain to avoid any delays. This flexibility in granting authorizations should include simplifications to obtain customs guarantees.
- **Possibility to reclaim duties paid when goods have been re-exported that were imported during COVID-19 crisis period.** Once goods have been released for free circulation there is no possibility to reclaim the paid duties when these goods are re-exported. Only under extraordinary circumstances (defect, not what has ordered) can duties be reclaimed. Due to the disruption within many companies, it might happen that goods are released for free circulation while this should not have happened. The refund of unnecessary duties should become applicable for imports that took place after March 15, 2020.
- **Temporary permission to apply for authorisations in written format instead of using the EU Trader Portal.** While we support simplified digital solutions in the area of customs, using the EU (Customs) Trader Portal is at present a time-consuming process. For the time being it is much more labor intensive than the traditional way of doing business as it still contains some teething problems and other undesired practicalities. Due to the virus outbreak, many persons are obliged to work from home, with problems in accessing/stability internet, lack of communication. It would therefore be helpful to allow companies to use under all circumstances the written procedure in parallel to obtain, adjust or renew authorisations.

Important steps going forward

In summary, supply shocks, trade restrictive measures, logistics disruptions, the fragmentation of the Single Market, and bottlenecks caused by customs procedures all contribute to the supply chain disruptions our businesses are facing. The way in which supply chains work means it is essential to minimise the disruption to trade flows as well as the fragmentation of the internal market.

Some of the simplifications and digital innovations requested to offset the immediate impact should be a focus for long-term simplifications, too. The digitalisation of

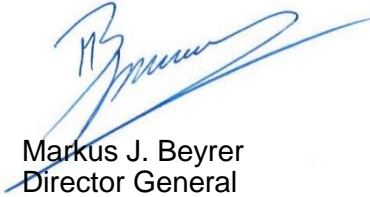


certificates of origin is a possible case in point. Likewise, it may be useful to formalize some of these contingency measures and to formalize certain processes as part of a crisis management plan to fall back on in times of crisis.

The implementation of simplifications such as centralized customs clearance or self-assessment, that are already included in the Union Customs Code, would provide significant benefits for the daily operations of our businesses and could be an important contribution to the economic recovery effort once the crisis fades.

We appreciate the work being done at European level to ensure a coherent and coordinated response to stemming the COVID-19 virus and alleviating the impact on the economy. Customs play an important role in this regard and we look forward to staying in close touch to contribute to these efforts.

Yours sincerely,



Markus J. Beyrer
Director General