

Revision of the EU customs code: Implications of the introduction of a « pre-arrival and pre-departure notification » for bilateral transports from and to Switzerland

The recent amendment to the customs code of the European Union (EU) includes new safety and security measures. The so-called « pre-arrival and pre-departure notification » is one of the central innovations. It consists of **two elements**:

- Economic operators will be obliged to provide customs authorities with *extra information* (risk-relevant data elements) on goods that are entering or leaving EU territory (i. e. operators will have to transmit more data elements than today).
- All of the data elements must be *transmitted prior to the goods' import to the EU or export from the EU*. The time limits for the pre-arrival and pre-departure notification are – if the data is transmitted electronically - 1 hour for road transports and 2 hours for rail transports prior to the border crossing.

The obligation to provide customs authorities with new data elements would constitute a serious obstacle to trade between the EU and Switzerland. The EU and Switzerland have agreed to negotiate a contractual solution with a view to avoid negative effects on trade. Negotiations have started in July 2007. Switzerland is prepared to participate in the security initiative of the EU, ensuring an equal safety and security level, to avoid additional traffic hold-ups, diverted traffic, and other obstacles to trade.

Bilateral trade flows and transports between the EU and Switzerland (2006):

Road traffic

- 23 000 lorries a day crossing the Swiss-EU border
- Transits across Switzerland thereof: 4 100 lorries a day, 70% of those lorries are registered in EU member states
- Road transit volume per year (EU–CH–EU): 9 mio t

Rail traffic

- 4 400 freight wagons a day crossing the Swiss-EU border
- Transits across Switzerland thereof: 3 100 wagons a day
- Rail transit volume per year (EU–CH–EU): 28 mio t

Trade volume

- EU exports to Switzerland: 135 149 mio CHF
- Swiss exports to the EU: 109 894 mio CHF

Number of import, export, and transit declarations

- EU exports to Switzerland: **12.7 mio declarations**
- Swiss exports to the EU: 6.3 mio declarations
- Transits across Switzerland (EU–CH–EU): **6.3 mio declarations**

Implications of the EU project to introduce pre-arrival and pre-departure notification for transports to and from Switzerland

Transport 1, 2, and 3: **no pre-arrival / pre-departure notification** (same procedures as today)

Transport 4, 5, and 6: **pre-arrival / pre-departure notification required** (operators would have to prepare new risk-relevant data elements and transmit them prior to the border crossing) - even though an equal safety and security level can be ensured if Switzerland applies equivalent safety and security measures in trade with countries outside the EU



What happens if the European Union would require « pre-arrival and pre-departure notification » for bilateral transports to and from Switzerland?

Implementation of new security measures

- For any transport to and from Switzerland (including transits across Switzerland), up to 30 risk-relevant data elements would have to be transmitted to the customs office *electronically* 1 hour (road) / 2 hours (rail) prior to the border crossing.
- If operators want to benefit from certain facilitations (transmission of slightly fewer risk-relevant data elements, less shipment controls at the border, where possible: preferential treatment during controls), they need to apply for an Authorized Economic Operator (AEO)-certificate. The acquisition of an AEO-status is too costly except for big companies. The majority of companies would have to rely on professional freight forwarders, which implies significantly higher costs.

Resulting consequences

- **Diverted traffic**: EU operators would increasingly use transit routes via neighbouring EU member States (France and Austria);
- **Traffic hold-ups** on both sides of the border;
- **Significantly higher administrative costs** of trade and **severe negative implications for day to day business relations**
- **Disturbance of bilateral trade** (Switzerland is the 2nd most important trade partner of the EU)

Switzerland is as safe and secure as the European Union

Switzerland is a landlocked country in the centre of Europe, surrounded by EU Member States which constitute a safe and secure area. Switzerland has a leading position regarding safety and security standards. Switzerland is already applying a sophisticated risk analysis system. Hence, Switzerland is as safe and secure as the EU. Moreover, about 99% of Switzerland's trade in volume with countries outside the EU is shipped via EU territory; which means that these shipments will anyway have to be pre-notified and controlled regarding safety and security in accordance with the EU customs code at the EU external border. **Given Switzerland implements equivalent safety and security measures in its direct trade with countries outside the EU via its international airports, there is no safety and security benefit from introducing additional security measures for bilateral transports between Switzerland and EU Member States, or for goods crossing Switzerland in transit between EU Member States.**

Therefore, Switzerland is prepared to apply equivalent safety and security measures in *all of its trade with countries outside the EU* (pre-arrival and pre-departure notification, Authorized Economic Operator (AEO) certification, risk analysis).

Conclusion

⇒ No additional safety and security measures should be applied to bilateral goods traffic between the EU and Switzerland. Instead, the EU and Switzerland should conclude an agreement providing that the same safety and security standards are ensured and that equivalent measures will be applied in trade with countries outside the EU and Switzerland.

⇒ A reduction of the time delay for the pre-arrival and pre-departure notification to zero is not sufficient to avoid the consequences mentioned: The significant administrative costs due to the submission of additional data persist, and the reduction of the delay to zero would lead to additional traffic hold-ups (hence to traffic diversion) since the risk analysis would have to be performed when the shipments arrive at the border.