



European Commission /  
Taxation and Customs Union

# **The EU Customs Union: from Regional Economic Integration to Single Action on the World Trade Scene**

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- **Part I:**
  - Analytical context
  - The world trading system
  - Customs policy
  
- **Part II:**
  - The EU customs union
  - The EU customs union as a single external actor
  
- **Part III:**
  - Conclusions: (some preliminary answers to...)
    - What factors have positively contributed to building of the EU's customs union, lessons learned?
    - What consequences does being a customs union have for relations on the world trading scene?



## **The European Union**

- The largest trading block in the world, a single market of almost 500 million inhabitants, 27 Member States
- Within the economic and political union, a **customs union** implementing Community customs policy

## **The role of the Commission in managing the customs union**

- To design **policies**, propose **legislation** and other customs **measures**
- To **ensure** and **oversee** application by the 27 MS: responsibility of '**getting it right**' internally (ECJ) and externally, (WTO, and the WCO)
- To ensure the EU's **external representation**

## **Our interest in this subject?**

- Our reality- complex and ever-changing
- Being innovative and creative requires curiosity
- Comparing with other regional experiences – and sharing lessons learned
- **Policy-making: an art or a science?...**



## ***Analytical context***

- **The perspective: that of developing the customs part of customs unions**
- **Customs unions - a stage of economic integration**
- **Analysis of customs unions (legal and economic perspectives)**
- **...in the historical context of (European) economic integration**



## ***Customs unions on the world trade scene***

- **Historical context**
  - The post-war reality: the multilateral trading system
  - Rise of 'regionalism'
    - EU integration from the 1960s
    - Changes in US policy from the 1980s
    - "Global Europe"
  - The GATT vs RTAs
    - GATT XXIV, the Enabling Clause
    - The "other regulations of commerce" test (*AB Turkey-textiles*)
    - Other "systemic" issues
    - Negotiation under DDA?
- **Dynamics of the RTA "proliferation" (the facts and figures)**
  - State of play
  - Consequences



## *Customs Policy*

- **The evolution of customs policy**
  - Fiscal customs policies
  - Economic customs policies
  - Safety and security policies
  - Trade facilitation policies
- **Customs policy of customs unions**
  - “Common” policies and policy spillover
  - FTA vs customs unions – the sovereignty question



## ***The EU customs union***

- Foundations of European integration
- Development of European customs policy
- Implementation of customs policy – EC and MS
- Community customs legislation
- Supporting structures: Customs Policy Group and Customs 2013 Programme
- Future projects



## ***The EU customs union as a single external actor***

- **The EC as WTO member**
  - Enjoying rights and assuming obligations under WTO rules, beyond Article XXIV GATT
  - Capacity to negotiate and conclude multilateral or plurilateral agreements in WTO context
- **The EC as a party to trade and/or customs agreements**
  - Preferential trade agreements
  - Negotiation region-to-region?
  - Customs agreements (WCO, regional, bilateral)
- **The EC- Turkey customs union** as an illustration of a "CU of CU" external



## *Conclusions*

### **Factors that positively contributed to the CU**

- ‘Lucky’ coinciding of political, legal and economic factors in the immediate after-war period
- The right partners and the right objectives of integration /progressive enlargement
- Positive, reinforcing dynamics of evolution (mostly)
- Occasional crises that gave impetus to stalling integration
- Policy spillover – the impetus to evolve, ‘forced’ agility
- Ability to implement – the right mix of legislation and supporting measures and tools



## *Conclusions*

### **Being a CU for relations on the world trade scene?**

- Choice of ambition level for the customs union
- Custom union in the Article XXIV sense or full WTO membership
- Region to region relations – special difficulties of negotiation and challenges of agreement



## *Conclusions*

### **Lessons learned**

- Choosing the **right partners** to start with is important
- Regional integration will only work in a **'real' region** (if you plan on negotiating externally as a customs union, you better be a real one)
- The **level of integration** must be based on a certain **level of ambition** and a **vision** to go with it
- A simple 'description' is not enough - have a **'customs union checklist'** including a plan, a 'toolpack' and actions,
- Certain constructions are better to implement sooner rather than later (e.g a single customs declaration) (is 'leapfrogging' possible?)



***Questions for further reflection?***

***Thank you for your attention***