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CUSTOMS OF THE FUTURE:

FOCUS ON THE EU AND WTO IDEAS

By Agnieszka Kisielewska



WTO LOOKS DEDICATED TO THE IDEA OF CUSTOMS REFORM, RECOGNIZING JOINTLY ALL THE MAIN CURRENT GLOBAL CHALLENGES (THE COVID-19 PANDEMIC, THE CLIMATE CRISIS, INCREASED GEOPOLITICAL TENSIONS AND THREATS TO GLOBAL FOOD SECURITY) WITH THE TERM “POLICRISIS”.



Mahatma Gandhi said “The future depends on what you do today.” While we are all dealing with consequences of the COVID-19 pandemic, the climate crisis, increased geopolitical tensions and threats to global food security, a reform of many laws seems to be inevitable and much needed. With this context, customs regulations are one of the crucial areas to be reviewed. What went well? What could be done better in the future? These questions are bothering people now many jurisdictions, including the EU, as well as World Trade Organization (WTO) with its panoramic view.

The WTO commitment to open the process of developing new solutions in trade for sustainable growth and development was reconfirmed at the WTO’s 12th Ministerial Conference (MC12). WTO looks dedicated to the idea of customs reform, recognizing jointly all the main current global challenges (the COVID-19 pandemic, the climate crisis, increased geopolitical tensions and threats to global food security) with the term “policrisis”.

The WTO communication provides that the multilateral trade rules can and must be upgraded to avoid disaster and to secure the benefits that could flow to all mankind, while the role of WTO in the reform could be a catalyser for the global transition to a green economy and assist the technological transformation.

Drawing lessons from the current experience of the polycrisis, WTO is in the process of examination of possible solutions on many levels, such as:

- how trade can bridge the existing gaps by leveraging technology to promote an inclusive economic recovery while ensuring a fair, safe and sustainable marketplace,
- how technology is essential to increase preparedness for future pandemics and other shocks,
- how trade can support micro, small and medium-sized enterprises in harnessing the power of technological change to better integrate into global economy,
- how to improve international supply chains from the perspective of in particular: financing strategies, pooled procurement mechanisms, technology transfer, regional diversification of manufacturing capacity,
- how to shape new rules on digital trade under e-commerce,
- how agriculture can help solving sustainability challenges in the light of the unexpected agricultural supply crisis in 2022,
- how trade can contribute to shifting towards the circular economy in transition economies, and many other.



WTO is also discussing which approach would serve best, whether:

- WTO reforms should serve as “fixes the machine” for resolving disputes and supporting negotiation of new agreements, or
- no feasible reform on the WTO level is needed as it could not address the fundamental tensions caused by differences in economic and political systems of the large powers, therefore what is needed is cooperation among like-minded nations (“friend-shoring”) outside the WTO, including concerted (coordinated) unilateralism.

Nevertheless, the commonly shared viewpoint is that the only way to build back economic resilience and sustainability is working together at least at the bilateral and regional level.

Looking from the regional level, from the EU perspective, we can see that the European Commission also clearly sees the need to move the EU Customs Union to the next level. Appointing the Wise Persons Group and then opening the public consultation about general ideas are first steps to shape the expected reform. The 86 open feedback comments and a number of questionnaires are submitted for the public consultation by various stakeholders touching a number of issues in the scope of tariff and non-tariff aspects of customs.

As indicated by the Commission, the aim of the EU customs reform is to strengthen the legal framework for customs and make the Union Customs Code suitable to address the challenges that have emerged

in recent years, incl. technological and business developments. Therefore, new revised measures are expected in particular on:

- strengthening common risk management,
- simplifying customs formalities for reliable and trusted traders established in the EU,
- enhancing the co-operation between customs and non-customs authorities (such as market surveillance authorities, law enforcement authorities, tax agencies);
- reforming the EU customs governance to provide for an EU layer,
- adapting customs legislation to e-commerce transactions, and
- integrating the green agenda in the customs agenda and traders behaviors.

The agenda of the EU is corresponding to the areas discussed on the WTO forum. The next level for the Customs Union itself is the idea of reforming the EU customs governance to provide for an EU layer which could, for example:

- improve of risk priorities identified at policy and political level,
- provide the EU-wide risk management,
- strengthen information technology management,
- improve training of customs officers,
- make financing of customs equipment more efficient,
- support simplifications and services for trade, and
- handle EU crisis response.

The other major step for the EU could be enhancement of co-operation between customs and non-customs authorities within Member States of the EU and jointly on the EU level to use advanced technologies to simplify customs and tax obligations, especially for individuals and trusted traders.

We can see clearly and there is no doubt that a groundbreaking reform of customs law provisions and enforcement is needed at the time of polycrisis. Various ideas and activities of WTO and the EU support

development of the ability to adapt customs to new global social and economic realities. However, the timing of implementation of the most needed law amendments will be crucial to efficiently support states, businesses and individuals. Therefore the most challenging activity is to schedule priorities of the reform and decide which solutions are the most needed now, when the polycrisis touches health, climate and security of countries and in global food supply chains.



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