

Preparedness of the Polish Customs Administration to assume responsibility for control of the EU' new external border

Introduction

The modern customs administration is required to be efficient, economic and effective in its activities. The effectiveness of the customs service can aid economic competitiveness and can be an agent of encouragement for the location of economic activities in a country or in the Community and for use our States for transit between East and West and North and South. Customs services are gradually changing the way they conduct controls. The functions of the present day customs administration are undergoing a transformation connected with the changes in economic conditions, new trends in international trade, changes in society's expectations in relation to government services protecting them against new threats. The customs administration puts into effect the measures to protect the economic interests of the country and also undertakes, in accordance with the law, activities having the aim of fighting criminality, protecting society and health of people as well as protecting the environment, rare species of plants and animals, intellectual property rights and cultural values. But still the basic and most important function of the customs administration is the collection of duties and taxes and just for your information - at the present moment the current income from customs duties and VAT and excise duties from imported goods makes up about 33% of the Polish national budget.

The effective realization of these tasks and the undertaking of new duties are possible through the high flexibility of the organization and effectiveness of the Customs Service's activities. The wide knowledge of the customs staff and the regular process of renewal and improvement of their skills form the basis, which guarantees the realization of the aims and undertakings.

The Polish Customs Administration has been preparing for the accession to the European Communities for the last few years. The key role in this process play:

- organizational changes required in connection with our accession,
- legislative changes, and
- practical changes in customs control.

Organizational changes

From the moment of Poland's accession to the European Union a significant part of our borders will become the external EU frontiers, namely 1594 km of Polish-Russian, Polish-Byelorussian, Polish-Ukrainian borders as well as sea border and air borders. On the other side 1901 km of borders between Poland and Germany, Czech, Slovakia and Lithuania will be abolished from the customs point of view. This will be a great change, a great challenge but what is the most important – a great responsibility for proper functioning of the future external border of the European Communities. Another important goals that we need to achieve in connection with the accession is our full organizational, technical and functional compatibility with other EU customs services, as well as facilitation of economic activities and removal of bureaucratic barriers and supporting economic competition. Organizational changes that are taking place now in Poland are related not only to liquidation of our western and southern customs borders but also to estimated decrease by around 70% of the Poland's foreign trade and connected with this fact decrease of customs work. Reduced level of trade will be compensated with new competencies of the customs administration, for example implementation of the INTRASTAT system or acceptance of control activities in export of Common Agricultural Policy goods.

According to our strategy the number of customs points in Poland have to be limited till 1st May 2004 but on the other hand the number of customs points operating on the future external border of the European Union will be maintained and strengthened. Customs officers, as well as equipment, from liquidated offices inland and from western and southern borders will be transmitted to our eastern border. I would like to inform you that:

at the present moment we have:

17 customs chambers, 67 customs offices and 278 customs branches,

on 1st November 2003 we will have:

14 customs chambers, 60 customs offices, 267 customs branches,

on 1st May 2004 we plan to have:

16 customs chambers, 50 customs offices, 162 customs branches.

At the present moment the level of employment within the Polish Customs Service is 15 748 officers and after the accession this level should be maintained. The eastern border will be strengthened. On 1st May 2003 number of customs officers on this border was 2 983, but on 1st May 2004 we plan to increase this number to 4 626 customs officers (55% increase).

From the moment of our accession to the European Communities customs control will be fulfilled in 66 border customs points:

- 21 road border points,
- 19 rail border points,
- 18 sea border points,
- 8 air border points.

Only on our eastern border there will be 40 border customs points:

- 7 on the Polish - Russian frontier,
- 18 on the Polish – Byelorussian frontier,
- 15 on the Polish – Ukrainian frontier.

Majority of these border customs points meet the European Union requirements and standards. These are modern border points with terminals. These border points were built or are now modernized according to our needs and taking into account the necessity to carry out effective and efficient customs controls. What is more airports are already made ready to meet Shengen standards while seaports introduce pre-arrival information systems, which will enable faster clearance of goods and assessment of the risk. It is worth to underline that the total amount of investments made by the Polish Customs Administration from 1998 to 2002 on the necessary equipment was 27 million zlotys. It is estimated that these investments in the year 2003 will reach the amount of 38.52 million zlotys.

One of the most important elements that have the essential influence on the organization of the future Polish Customs Administration is informatization. The Polish Customs Administration has achieved recently a significant progress in computerization of customs administration and interconnectivity of the customs IT systems. These tools will also play a supporting role in the context of border controls. We treat this issue with the highest priority and the utmost care. The Polish Customs Administration is currently working on the following IT systems:

NCTS (New Computerized Transit System)

All conditions and actions that are within the scope of responsibility and competence of the Polish Customs Administration have been met. The national application is ready and has been installed in the Customs Chamber in Łódź. The preliminary national tests as well as international conformance tests have been successfully carried out. The system will be introduced till the end of this year in all customs units that are planned to operate after our accession. What is more, using the principle “train the trainers” the Customs Chamber in Łódź trained 220 trainers who were then obliged to train other end-users of the system. Targeted number of end-users was 3300. The Ministry of Finance and the Customs Chamber in Łódź are taking all the necessary steps to inform private companies about this system (informational meetings, information on the customs website, brochures and info line).

CELINA (Declaration Processing System)

This is the key system. The system has successfully passed in March 2003 through the first stage of implementation, in fact ahead of the planned deadline. The system is now implemented and operational in 20 locations. All traders, who are technically prepared to do so, submit customs declarations electronically. On average this already refers today to more than 80-90% of declarations (depending on particular location). The second stage of implementation, currently under realization, will cover 94 locations altogether, including all customs offices, as well as branches and locations of key importance for customs operations after Poland’s accession to the European Union, located mainly on our eastern and northern border. The third and final stage of the roll-out will cover all remaining locations that will still operate after structural change implemented due to the accession. It is foreseen that full exploitation will start at the end of the year. It is also planned that there will be an interface between NCTS and CELINA system. According to the last decisions INTRASTAT statistical subsystem will be included in CELINA system.

ISZTAR (Integrated Tariff Management System)

ISZTAR (based on the Polish tariff regulations) has been operational since October 2001. It contains database, tariff rates and tax rates, as well as data on tariff and non-tariff measures. ISZTAR 2 will be extended to cover EU tariff regulations. ISZTAR 2 will be implemented on 1st May 2004. It will be fully compatible with TARIC as regards its

structure, application for loading of TARIC start up files and TARIC daily files. It is also planned that CELINA system will be connected with ISZTAR system.

ZEFIR (Financial and accounting system)

ZEFIR is already implemented in all customs offices from the beginning of this year. Traditional Own Resources of the European Union are controlled through this system.

Other customs IT systems under realization:

TQS (Tariff Quotas and Surveillance)

The internal TQS system is already implemented. The external TQS system will be ready till the beginning of December 2003 and we plan that all the necessary tests will be carried out till the end of this year.

EBTI (European Binding Tariff Information)

The Customs Chamber in Rzepin is responsible for preparation of this application. The application will be ready till the end of October and after this date we will be testing the system.

ISPP (Information System for Processing Procedures)

We have already received from DG TAXUD the login to this system. ISPP will be implemented in one of our customs chamber till 1st May 2004.

SMS (Specimen Management System)

We have already received the access to the SMS system for 3 authorized users within our administration. The screens of the SMS system have been translated into Polish and sent to the DG TAXUD. The system has been operating since 1st October 2003.

SEED (Exchange Excise Data System)

The Ministry of Finance and the Customs Chamber in Białystok have been working on this system for 6 months. The database is already prepared and the application for this database will be ready till the end of November. The system will be tested and then introduced on national level on 1st January 2004 and on international level on 1st May 2004.

Legislative changes

The main legally binding act in customs law in Poland is act of 9 January 1997 – **Customs Code**, which became effective from 1 January 1998. The act is drafted in compliance with Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the

Community Customs Code and its amendments. Since its coming into force the act has been amended several times in order to implement provisions that comply with standards of the European Union and which bring Polish customs law in line with the Community regulations. The last such amendment took place in April this year and resulted in particular in introducing the possibility to lodge the customs declaration before the declarant is in a position to present the goods to the customs and also bringing the provisions on customs procedures with economic impact into line with Community customs law. As a result of the above-mentioned amendments, the Customs Code is harmonized with provisions of the Community Customs Code. Therefore no further amendment to this act is planned. We hope that the knowledge and experiences coming from the application of the Polish Customs Code will let our customs officers and also our traders to use the Community Customs Code without any difficulties or problems.

On 1st May 2004 the Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code and the Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code will become a binding law in Poland. These Council Regulations have been translated into Polish and these informal texts have been published on our website so that all traders would be able to familiarize with these Regulations (it is not in the competency of the Ministry of Finance to translate and publish these regulations). We have also prepared an information (brochure) concerning the main changes coming from the accession and our future participation in the customs union. This brochure is also available on our website. The Ministry of Finance is also organizing or participating in informational meetings with traders in order to explain all doubts or answer any questions.

Now the works on draft of the act on **Customs Law** are being conducted. The act will come into force on 1st May 2004 and it will be binding together with the Community regulations and will supplement them where the Community Customs Law allows for that. The above-mentioned Act will regulate, among others, matters that are subject to Community Customs Code provisions, i.e. customs proceedings. Moreover it will include in particular: provisions on relief from customs duty within the scope which has not been regulated in the Council Regulation No. 918/83 setting up a Community system of relief from customs duty, provisions on actions which may be undertaken by the customs authorities in respect of the goods covered by the Common Agricultural Policy, INTRASTAT declarations. Provisions

which will introduce the above-mentioned act into the Polish legal system will include also temporary provisions, among others those resulting from the Accession Treaty, indispensable for smooth and undisturbed transition from Customs Code to Community regulations. Provisions concerning performance of specific acts within the framework of customs control will be included in the Act on Customs Service.

Changes in customs control

With 1st May 2004 the Polish Customs Administration will be obliged to provide effective customs control on the future external border of the European Communities. Within the scope of customs control mechanisms which are appropriate for the EU Member State, the Polish Customs, as a general rule, implements blueprint of the Commission: *Border and inland control*. The overall aim of it is: *to develop straightforward and efficient customs control operations at ports, airports and land borders, and inland, capable of facilitating a flow of legitimate passengers and trade while ensuring collection of national and EU revenue and the social protection of national and EU citizens*. Our experience and the EU and WCO guidelines are the basis for the systematic approach to the customs control matters. Our objectives and key indicators in this scope had been included in the national Customs Business Strategy already in 1999 and subsequently became a part of the Integrated Border Management Strategy in 2000 which includes pre-accession tasks for all services operating on borders: Customs, Border Guard, Veterinary and Sanitary and Phytosanitary Inspections. Monitoring and half-year reports are essential elements for the management of the Strategy.

According to our studies the main areas of customs control are:

-basic control that concentrates on verification of papers, inspection of means of transport, seals, examination of goods, acceptance of customs declarations. Particular attention should be paid to sensitive goods. In this kind of customs control the essential role plays risk analysis that limits the number of customs controls to 5%. This kind of customs control will be carried out on the eastern border, as well as inside our customs territory,

-fight with criminality that enables to detect and prevent offences connected with export or import of goods,

- post clearance customs control that concentrates on the situation of goods after their release. This kind of customs control plays a separate but very important role in the chain of customs control and can be a valuable source of information for customs services,

- other additional control activities that refer to new competencies of the Customs Service, which upgrade its work efficiency. There are the following new competencies of the Polish Customs Administration:

⇒ from 1.01.2003 Customs officers received police-like competencies that enable them to stop vehicles individually on the public roads, arrange and execute surveillance actions, use coercive measures. These regulations will enable to implement all Naples II Convention provisions, which must be applied among old and new Member States from the moment of accession. These are in particular: cross border surveillance, hot pursuit, covert investigations, controlled delivery operations – the tools which make border control more efficient and comprehensive.

⇒ from 1.09.2003 the Customs Service is responsible for all excise duty and import VAT matters. That means border control and inland operations will be better coordinated within one government body. Moreover better integration of all treasury agencies will be executed by the Office of Chief Inspector of Treasury Control, which is to be established to coordinate common actions of tax and customs services within one district.

⇒ another new tasks closely related to border control actions are investigation and surveillance of illegal employment and also control of casinos and betting shops.

The special place to support these areas of customs control have investigations and mobile customs control teams. Investigations play the important role mainly in the field of combating drugs, counterfeit and pirated goods, precursors, dual-use or excise goods. Mobile customs control teams are planned to be established till 1st May 2004 and these teams will play supporting role for border and inland controls. They will traditionally fight with all customs law offences and irregularities with particular stress on non-community goods, means of transport, use and end – use of high risk goods. It is planned that 50 mobile customs teams will be established, the scope of each team will be limited to the competence of the relevant customs office but in exceptional cases they will be able to operate without any limitations (hot pursuit, surveillance). Public roads, markets, wholesale firms, warehouses are targets for these special units. We estimate that each group should consist of 22 customs officers, manager and a dog.

Conclusions

All prescribed above activities and measures that already have been taken by the Polish Customs Administration or are in progress at the moment can prove that we are fully aware of the responsibility and consequences coming from our accession to the European Communities and future assumption of responsibility for control of the EU' new external border. The integration with the European Union is absolute priority for our administration and all our actions are connected with or concentrated on this issue. I also would like to point out that since the beginning all our efforts and pre-accession preparations were supported by a great assistance of the European Union and it was not only financial assistance that helped us meet or fulfill EU' standards but also trainings and workshops which let us better understand the *acquis communautaire* of the European Communities.