# Annex 2. HDM Study - the EU baseline of e-Trade legislation

Short term high quality studies to support activities under the Eastern Partnership
HiQSTEP PROJECT

STUDY ON THE HARMONISATION OF THE DIGITAL MARKETS IN THE EAP - E-TRADE, E-LOGISTICS AND DIGITAL TRANSPORT CORRIDORS

EU baseline for eTrade

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Abbreviations

| A2A | Administration to Administration |
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| A2B | Administration to Business |
| CVED | Common Veterinary Entry Document |
| EIS | European Information System |
| GNC | Globally Networked Customs |
| ICC | International Chamber of Commerce |
| MASP | Multi-Annual Strategic Plan for the creation of a European electronic environment |
| OGL | Open General Licence |

eTrade (paperless trade) is an overarching topic which addresses the digital aspects of the full import-export cycle for goods and services. Therefore, eTrade encompasses several aspects of the topics such as commerce, customs, logistics and cross-border procedures.

## 1.1 Purpose of the harmonisation

The main purpose of harmonisation in the area of the paperless trade between the EU member states and the EaP countries is the development of paperless procedures in the supply chains between the EU Member States and the EaP countries.

The focus of the harmonisation in the area of the paperless trade between the EU and the EaP countries: assure maximum interoperability of paperless international trade supply chains.

**2 EU BASELINE FOR E-TRADEEU state of play (best practices)**The EU baseline consists of relevant EU best practices that provide solutions to the challenges of harmonisation in paperless trade between the EU member states and the EaP countries. The baseline comprises relevant EU legislation, practices and procedures, standards, electronic services and ICT platforms.

## 2.2 Description of the EU baseline
The following section provides the description of benchmarks that form the EU baseline.

| N | Benchmark | EU baseline |
|---|---|---|
| 1 | National framework for paperless trade | |
| | Legal framework for trade electronic transactions | The Council Resolution (2003/C 305/01) of 5 December 2003 endorsed the Commission's Communication on creating a paperless environment for customs and trade (COM/2003/452) which provided a vision of a modern customs service communicating electronically with trade. |
| | | The Resolution requires a Multi-Annual Strategic Plan (MASP) for the creation of a European electronic environment, consistent with the operational and legislative projects and developments already scheduled or underway in the areas of customs and indirect taxation. |
| | | The MASP sets down the vision, objectives, the strategic framework and the milestones to implement the electronic customs initiative. The MASP is also intended to provide interested parties with a short overview and background information on projects and key issues related to the evolution of the electronic customs initiative and the present state of play. |
| | Legal framework for cross-border electronic data exchange | eDelivery Regulation |
| | | The Regulation ((EU) 910/2014) on electronic identification and trust services (eIDAS) creates appropriate conditions of the EU digital single market for the mutual recognition of key enablers across borders, such as electronic identification, electronic documents, electronic signatures and electronic delivery services, and for interoperable e-government services across the European Union. |
| | | European Interoperability Strategy (EIS)[1] |

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[1] https://ec.europa.eu/isa2/actions/continuously-updating-european-interoperability-strategy_en

| | | The European Interoperability Strategy is the overarching strategic plan in the area of cross-border interoperability, developed by the European Commission in conjunction with Member State Chief Information Officers. |
|---|---|---|
| | | A European Interoperability Strategy was adopted in 2010 as part of the Communication "Towards interoperability for European public services" (COM/2010/744 final). |
| | | The EIS provides guidance regarding the interaction, exchange and cooperation between European public administrations for the delivery of European public services across national borders and sectors. |
| | | The new European Interoperability Framework (EIF)[2] offers public administrations concrete recommendations on how to improve governance of their interoperability activities, establish cross-organisational relationships, streamline processes supporting end-to-end digital services, and align both existing and new legislation (COM/2017/0134). |
| | | The new EIF is undertaken in the context of the Commission priority to create a Digital Single Market in Europe. |
| | | The actions of the EIF[3] most relevant to the HDM in eTrade and eLogistics areas: <br><br> • Improving cross-border access to government data <br> • European Interoperability Architecture (EIA) <br> • Public multilingual knowledge management infrastructure for the Digital Single Market <br> • CAMSS - Common Assessment Method Standards and Specifications <br> • Trusted Exchange Platform (e-TrustEx) <br> • European Location Interoperability Solutions for e-Government (ELISE) <br> • Interoperability agreements on electronic document and electronic file |
| | Framework for online platforms | The Decision on a paperless environment for customs and trade (Decision 70/2008/EC) <br><br> The Decision indicates that traders should have access to information portals and single electronic access points for import and export transactions and for security related customs procedures, irrespective of the Member State in which the transaction starts or ends |
| | Trade facilitation electronic Single Window system | eCustoms Decision <br><br> The legal basis for use of data processing techniques for the provision of information by customs is the Decision on a paperless environment for customs and trade (Decision 70/2008/EC). The Commission and the Member States shall set up secure, integrated, interoperable and accessible electronic customs systems for the exchange of data contained in customs |

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[2] https://ec.europa.eu/isa2/eif_en
[3] https://ec.europa.eu/isa2/actions_en

declarations, documents accompanying customs declarations and certificates and the exchange of other relevant information.

The Decision also lays down the foundation for establishing Single Window services providing the seamless flow of data. This exchange should be organised between economic operators and customs authorities, between customs authorities and the Commission, and between customs authorities and other administrations or agencies, and enabling economic operators to submit all information required for import or export clearance to customs, including information required by non customs-related legislation.

The Union Customs Code (UCC)

The UCC defines the priorities of the global shift to paperless environment for customs and trade (Regulation (EU) No 952/2013, 0.10.2013). The Article 6(1), of the UCC requires that All exchanges of information, such as declarations, applications or decisions, between customs authorities and between economic operators and customs authorities, and the storage of such information, as required under the customs legislation, shall be made using electronic data-processing techniques.

UCC Economic Operators Registration and Identification subsystem 2 (EORI2)

The Economic Operators' Registration and Identification System establishes a unique system of registration and identification for economic operators across the EU.

The EORI2 aims to update the existing EOS/EORI system and the EOS webservice.

EU Customs Single Window system

The objective of the EU Customs Single Window is to enable Economic Operators to electronically lodge, and only once, all the information required by customs and non-customs legislation for EU cross-border movements of goods.

The EU Customs Single Window program foresees several implementation steps, first of which consists in automated validation of supporting documents to the customs declaration. The first project implements the validation of the Common Veterinary Entry Document (CVED).

| 2 | Buying products and services | |
|---|---|---|
| | Requesting commercial invoice | Electronic invoicing |
| | | Since January 1st, 2013 all EU members must afford the same legal status to electronic invoice processes as they do for paper invoices. |
| | | The Communication (COM(2010) 712 final) and The Directive on the common system of value added tax (Directive 2010/45/EU) as regards the rules on invoicing sets out new VAT rules regarding e-Invoicing and removes obstacles to the uptake of e-invoicing by creating equal treatment |

| | | between paper and e-invoices, while also ensuring that no additional requirements are imposed on paper invoices. |
|---|---|---|
| | | Advanced electronic signatures[4] based on a qualified certificate and created by a secure signature creation device or electronic data interchange (EDI)[5] are technologies for assuring the authenticity of the origin and integrity of the content of electronic invoices. |
| | | EU Member States start mandating the use of eInvoicing for suppliers to their public sectors (Directive 2014/55/EU). The Directive also calls for the definition of a common European standard at semantic level. |
| | | Starting from 1 January 2017, French big companies and the public sector have obligation to accept electronic invoices, and until 1 January 2020 this obligation will be extended to companies of all size. |
| | | The Connecting Europe Facility (CEF) eInvoicing building block provides technical specifications and free software components that offer basic capabilities for Administration to Business (A2B) and Administration to Administration (A2A) electronic invoicing services[6]. |
| | Using electronic contract | **Electronic contract** |
| | | The EC Directive on electronic commerce (2000/31/EC) defines the fundamental principles of equal validity of electronic contracting and contract concluded offline. Contracts concluded by electronic means should have the same validity as contracts concluded offline by "traditional" means (equivalence principle). This applies to all stages and acts of the contractual process, such as the contractual offer, the negotiation and the conclusion of the contract by electronic means. |
| | | Electronically signed contracts are legally binding documents and electronic signatures are admissible in a court of law as introduced in the eIDAS Regulation ((EU) 910/2014). |
| | | The Digital Single Market Strategy adopted by the Commission on 6 May 2015 announced a legislative initiative on harmonised rules for the supply of digital content and the online sales of goods. The Commission made proposals of two Directives that make an improvement on certain aspects concerning contracts for the supply of digital content, and a proposal on certain aspects concerning contracts for the online and other distance sales of goods (COM/2015/0635). |
| | | eDelivery CEF building block provides reusable specifications, software and services that offer possibility to create a wide variety of IT systems for public |

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[4] An advanced electronic signature within the meaning of point (2) of Article 2 of Directive 1999/93/EC of the European Parliament and of the Council of 13 December 1999 on a Community framework for electronic signatures*, based on a qualified certificate and created by a secure signature creation device, within the meaning of points (6) and (10) of Article 2 of Directive 1999/93/EC

[5] Electronic data interchange (EDI), as defined in Article 2 of Commission Recommendation 1994/820/EC of 19 October 1994 relating to the legal aspects of electronic data interchange, where the agreement relating to the exchange provides for the use of procedures guaranteeing the authenticity of the origin and integrity of the data

[6] https://ec.europa.eu/cefdigital/wiki/display/CEFDIGITAL/eInvoicing

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| | | administrations to exchange electronic data and documents (including contracts) with other public administrations, businesses and citizens, in an interoperable and secure way[7]. |
| 3 | Export procedures | |
| | Requesting and obtaining of export licences | On-line application for an export licence |
| | | In the EU, licences are needed for import and export of military and paramilitary goods, dual-use and technology, artworks, plants and animals, medicines and chemicals. Licencing is regulated by the EU Directives transposed into national legislation of the EU Member States. Depending on products and countries of destination, there are several different types of licences such as Global Export Licence, Open General Licence (OGL), Standard Individual Export Licence (export of a quantity of specified goods to a specified importer), Open Individual Export Licence (specific to an individual exporter allows multiple shipments of specified goods to specified destinations). The EU countries manage individual on-line databases for processing licences applications. Most of licences can be applied fully on-line. The best EU practices are SPIRE online export licensing system from the UK[8], and Irish Online Export Licensing Application System (OELAS)[9]. |
| | | The Directorate General for Trade operates an integrated system SIGL for the management of licences for imports of textiles, clothing, footwear, steel and wood to the EU[10]. SIGL is a computer system linking the European Commission with the departments issuing import authorisations in the Member States. SIGL also provides real time information to traders on quota levels, licensed amounts by Member State for imports of clothing, footwear, steel and wood products applied in the European Union. |
| | Delivering Certificate of Origin | EC Electronic Certificate of Origin (eCO) |
| | | The European Community Certificate of Origin is a commercial or Customs clearance requirement to evidence the origin of the goods. |
| | | Electronic Certificates of Origin systems offer electronic application, issuance, complete with digital rubber stamps of the chamber and signatures of authorised officials. They ensure a greater level of transparency, reduce costs and save time among customs administrations, exporters, importers, banks and stakeholders (International Chamber of Commerce). |
| | | Use of eCO also enhances and raises the level of acceptability of eCO for letter of credit clearance, insurance companies and importers. |
| | | eCO includes safeguard measures, such as online verification of the authenticity of CO and optical watermarking technology. International Chamber of Commerce International CO Global Accreditation Chain (ICC |

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[7] htttps://ec.europa.eu/cefdigital/wiki/display/CEFDIGITAL/eDelivery
[8] https://www.spire.trade.gov.uk
[9] https://oelas.djei.ie/
[10] http://trade.ec.europa.eu/sigl/

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|---|---|---|
| | | World Chambers Federation) offer Chambers and customs authorities the possibility to verify the authenticity of Certificates of Origin online. The participating Chambers from the EU include Belgium, Bulgaria, France, Netherlands, Slovenia, Slovakia and United Kingdom. |
| | Processing of transport documents | Use of an electronic transport document as a transit declaration in UCC New Computerised Transit System (NCTS) |
| | | The Article 233(4)e of UCC foresees the usage of an electronic transport document as transit declaration. |
| | | The system requirements include an analysis of possible new technological or modernised ways of data capturing (i.e. automatic reading of electronic-seal numbers, attachment of documentation/images) and new means of adding/verifying and securing data en route by operators/customs, etc. (MASP rev. 2016, 2016) |
| | | Management of data on guarantees under TIR Carnets through customs system |
| | | Secure exchange of data between national customs systems of the Member States related to the international transport of goods under cover of TIR Carnets (TIR Convention) allows customs to manage the data on guarantees issued to holders authorised to use the TIR system by the guarantee chain. |
| | | The aim is to enable the Member States to exchange information on TIR transports according to provisions of the TIR Convention between the contracting parties, the guarantee chain and the holders of the TIR procedure via the eTIR international system. |
| | | The implementation of eTIR in EU comprises the enhancement of the Community customs transit systems (NCTS) to handle TIR operations and to enable the exchange of the data between NCTS and eTIR system (MASP rev. 2016, 2016). |
| 5 | Import procedures | |
| | Requesting and obtaining import licenses and permits | TRAde Control and Expert System (TRACES)[11] |
| | | TRACES is an integrated web-based veterinary system, maintained by the European Commission DG Health and Consumer Protection. It networks veterinary authorities and business users in all Member States, EFTA/EEA countries (Iceland, Lichtenstein and Norway) and a certain number of third countries with whom the Commission has special agreements. TRACES is a management tool for tracking movements of animals, products of animal origin and plants from both outside and within the European Union. It also covers imports to the European Union of feed and food of non animal origin as well as plants, seeds and propagating materials. |
| | | TRACES allows digitization of the entire certification process and linked procedures. It facilitates the exchange of information between all involved |

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[11] http://ec.europa.eu/food/animals/traces_en

| | | trading parties and control authorities from more than 80 countries worldwide and speeds up the administrative procedures. |
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| | | All harmonized export certificates to the EU are available in the last updated version and translated into all EU official languages. |
| | | TRACES is established by the Commission Decision 2004/292/EC of 30 March 2004 on the introduction of the TRACES system and amending Decision 92/486/EEC. |
| | | TRACES allows communication between the national competent authorities in non-EU countries and with EU and EFTA countries, in order to speed up the administrative processes at the EU Border Entry Point. The national competent authorities and their economic operators submit consignments in TRACES and automatically obtain updates related to the certification process, through the official document submitted in TRACES, by means of secure notification messages sent by TRACES: |
| | | • Veterinary certificate to the EU (IMPORT) - veterinary certificates for importing live animals, semen, embryos, ova and products of animal origin into the Community; <br> • Declaration Documents required for imports of intermediate products (DECLAR) <br> For export from the EU, the following certificates and documents are available to any non-EU country on a voluntary basis: <br> • Common Entry Document (CED) <br> • Common Veterinary Entry Document: Animals (CVEDA) <br> • Common Veterinary Entry Document: Products (CVEDP) <br> • Common Health Entry Document for Plants and Plant products (CHED-PP) |
| | 5.2, 5.3, 5.5 | European Information System (EIS) <br><br> Its goal is to facilitate customs processes for the movement of goods into and out of the European Union. The EIS is built in compliance with international standards that allows interoperability with third countries' systems[12]. <br><br> Computerised customs systems are interfaced with existing and future systems in areas other than customs. <br><br> All authorities and agencies involved in import and export transactions are enabled to exchange electronic information, including with third countries if an international agreement provides for this. Customs take a leading role in establishing a single window for these authorities and agencies. |
| | Processing foreign Certificate of Origin | Registered Exporter System (REX) |

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[12] The used international standards: the WCO data model, ISO and UN norms, s tandards of International Maritime Organization (IMO), number or European Vessel Identification (ENI), IATA/ICAO flight numbers, IATA structure of numbers of ULD containers.

| | | The REX aims to make up-to-date and complete information available on Registered Exporters established in non-EU countries (GSP beneficiary countries) exporting goods to the EU under preferential trade arrangements. |
|---|---|---|
| | | Exporters should be registered with the competent authorities of the beneficiary countries in order to be entitled to make out statements on origin if the total value of originating products |
| | | In order to register exporters, each beneficiary country should use the REX managed by the European Commission. Through the system, the Economic Operators in the EU Member States should be able to check, before declaring goods for release for free circulation, that their supplier is a registered exporter in the concerned beneficiary country. |
| | | The main purpose of the system is to replace paper-based certification process by an IT-supported self-certification process. A central database contains the registered exporters. The REX also offers the opportunity to Member States to enhance their national systems for customs declarations processing with an automated verification of the REX number from the declarations against that central database. |
| | Processing of foreign permits and certificates of conformity | Automated validation of the Common Veterinary Entry Document to the customs declaration |
| | | Automated validation of supporting documents to the customs declaration is the first phase of the EU Customs Single Window program that foresees several implementation steps. The first implemented project is the validation of the Common Veterinary Entry Document (CVED). |
| | | The aim of the EU SW-CVED is to provide for automated validity checks of the CVED submitted with customs declarations. This project consists in interconnecting the Member States Customs Systems and the DG SANTE TRACES system that holds the CVED through the DG TAXUD SPEED 2 platform. The system is in production phase in several Member States (for example, Lithuania developed the Single Window Information System based on interfaces of national customs declarations processing system and other national administrations). Several other Member States are considering joining. |
| | | The next phase of the program foresees the evolution of the EU SW-CVED Phase 1 and inclusion of additional permits (provisionally, FLEGT (timber import), COI (organic products import) and CHED-PP (plant products import)), handled at the TRACES platform of DG SANTE. |
| | Processing of pre-arrival declarations | EU-Russia 'Green Corridor' pilot project |
| | | The pilot project offers faster customs clearance and reduction of customs controls for the goods exported by participating AEOs from one of the participating EU Member States with the destination in Russian Federation, moved by the road mode of transport. Benefits for the participating AEOs would be offered at the border crossing points and inland customs offices where an import declaration will be lodged. Exporters, transport operators |

| | | and importers, having an EU AEO status or RU Low Risk Operator status could participate in the pilot project on a voluntary basis. At a later stage the pilot project could be extended to cover the goods exported from Russia to the EU. |
|---|---|---|
| | | Export declaration data (agreed subset, which is only exchanged on EU Common Domain) would be sent to Russia. Control results at import would be sent back to EU. Implementation of the international exchanges between the EU and Russia is based on the WCO Globally Networked Customs (GNC) Utility Block for Control Mutual Recognition (MASP rev. 2016, 2016). |
| | | Exchange of advance customs information and TIR movement data with Republic of Moldova and Ukraine |
| | Releasing goods | eATA Carnet in EU |
| | | ATA Carnet (Temporary Admission)[13] is an international customs document that mainly permits the duty-free temporary importation of goods for up to one year. ATA Carnets cover commercial samples, professional equipment and goods for presentation or use at trade fairs, exhibitions, shows. |
| | | The contracting parties participating in the Istanbul Convention on Temporary Admission agreed at Istanbul on 26 June 1990 are in process to replace the current paper-based ATA Carnet System by a decentralised eATA Carnet System. |
| | | The eATA Carnet system operates under the ATA and Istanbul Conventions administered by the WCO and is based on the WCO Globally Networked Customs (GNC) Utility Block for eATA Carnet. |
| | | The EU develops a single central system to exchange eATA Carnet System data on issued guarantees with other participating parties. |
| 6 | Payment procedures | |
| | Payment of customs duties and fees | The Decision on a paperless environment for customs and trade (Decision 70/2008/EC) indicates that the collection and the repayment/remission of customs duties will be handled by the customs authority responsible for the location where the importer/exporter is established and keeps his customs records; |

**Table 1 – Description of EU baseline for eTrade**

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