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THE CUSTOMS SYSTEM OF THE EUROPEAN UNION IN THE FACE OF THE CURRENT CHALLENGES OF CUSTOMS HANDLING IN SUPPLY CHAINS²

Abstract

The global environment, with its dynamic and varied changes, creates unstable and demanding conditions for the customs system of the European Union to cope with. The article aims to identify and describe the most pressing challenges to the EU customs system in the context of the customs handling of supply chain actors. The hypothesis for verification is that the EU system is not static in the face of the volatility, uncertainty and ambiguity of the environment; instead, it responds to all challenges arising, so as to ensure guarantee professional customs handling to participants in supply chains. The article is composed of two parts followed by a summary. The first part addresses the role of customs in supply chains; the second part presents the most important challenges to the EU's customs system directly related to the customs handling of participants in international supply chains. The summary concludes the issues raised in the investigation. The study relies on traditional research methods: deductive reasoning and comparative analysis.

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Introduction

The customs system of the European Union (EU) is an architecture composed of multiple and strongly interrelated elements, performing multi-faceted tasks resulting from the current trends and customs policy challenges. The EU customs system is constantly challenged by the changing environment of the European Union. The environment encompasses actors in supply chains, i.e. businesses involved at various stages of trade, related to customs authorities by participating in customs operations. Those participants primarily expect solutions resulting in the simplification of customs procedures applicable to imported and exported goods as well as ensuring their efficient and safe movement. Introducing such solutions requires the coordination of the main components of the customs system, incorporating legal aspects (i.e. regulations governing trade in goods), organisational structures (action and measures taken by EU institutions shaping the customs system as well as by the customs administrations of the Member States) and economic activities (the collection of customs duties and taxes). From the point of view of supply chain actors, the customs system should quickly respond to changing economic, technological, environmental, safety or security conditions. The volatility, uncertainty and ambiguity of the environment having arisen in connection with Brexit, the COVID-19 pandemic and, subsequently, the war in Ukraine have all placed new burdens on the customs system with regard to flexible crisis management. In practice, those challenges have been primarily faced by the Member States' customs administrations as the authorities fully competent for the supervision and control of all goods crossing customs frontiers, securing and facilitating their movements in supply chains. It is of utmost importance since the customs handling of participants in supply chains is an inseparable stage of international market transactions. Given the above, the article aims to identify and describe the most pressing challenges to the EU customs system in the context of the customs handling of supply chain actors. In order to achieve that objective, the following hypothesis is put forward for verification: the EU system is not static towards the volatility, uncertainty and ambiguity of the environment; rather, it responds to all challenges so as to ensure the guarantee comprehensive customs handling to participants in supply chains. The approach adopted encompasses the application of the following

traditional research methods: deductive reasoning and comparative analysis.

The subject is a topical problem from the perspective of the development of the EU's customs union. The challenges facing the customs system involve a wide range of regulations and solutions applied in the legal, organisational and economic dimensions of the European customs union. The paper addresses a selection of issues directly related to the customs handling of international supply chain actors. The role of customs quality remains underestimated by the mainstream scientific studies of the functioning of modern supply chains. The conclusions presented mostly have cognitive values, thus constituting added value. However, bearing in mind the volatility of the environment, one must treat them as the starting point for further discussion and analysis.

1. The role of customs in the international supply chain

The functioning of the EU, as a major global trade actor, depends on efficient movement of goods from and to the territory of the customs union as well as on the free movement of goods within the single market. The purpose of any supply chain is to ensure smooth flows of materials, products and services, from their respective places of origin to final customers [Świerczek, 2009]. The term *supply chain* should be understood as a network of connected and interdependent organisations engaged in mutual cooperation in order to control, manage and improve material and information flows from suppliers to end users [Christopher, 2000]. As noted by J.B. Ayers [2002], a supply chain comprises organisations and processes related to purchasing, storing, selling raw materials, semi-finished products and finished goods. The movement of products through such a supply chain is connected with information and financial flows. In a broad sense, a supply chain can be seen as interrelationships between economic operators responding to customer demand and contributing to efficient movement of goods, services, capital and information accompanied by the circulation of documents with back-tracking (from the shop shelf), in order to optimally meet the needs of final consumers, while maximising business efficiency and productivity of the whole process [Czyżowicz, 2011]. A supply chain can also be perceived in philosophical terms – as an integrating management philosophy for all flows over a distribution channel from the supplier to the end customer [Cox, Blackstone, Spencer, 1995], or as a series of operations performed by various enterprises: a sequence of processes adding value to the product during its movement and processing, from raw materials through all intermediate stages to the form required by the final customer [European Committee for Standardisation, Logistics, 1997]. As an extension of national supply chains, an international supply chain

is a composition of multiple elements working together: undertakings, streams of products, information and funds flowing between them, functioning in a complex array of international conditions and factors. For a supply chain to be considered international, at least one of the three business processes – sourcing, production or distribution – must be internationalised [Rutkowski, Ocieka, 2011]. From the point of view of customs authorities, an international end-to-end supply chain is a process involving, for example, the manufacturing of goods for export until their delivery to another customs territory. It is not an identifiable entity; instead, it represents a series of *ad hoc* elements, i.e. traders operating in various industry segments. Sometimes, all the enterprises are known and may cooperate under long-term relationships; in other cases, undertakings may often change or only be contracted for a single transaction [European Commission, 2016]. Supply chain actors of relevance to customs operations include manufacturers, exporters, freight forwarders, warehouse keepers and other storage facility operators, customs agents/representatives, carriers, importers. Those participants operate in different countries, which results in various barriers such as geographical distances, local economic, technological, legal, social and cultural conditions. Therefore, the three main dimensions of the EU customs system, i.e. its legal, organisational and economic aspects, must be effectively coordinated. The EU customs system constitutes a complex array of customs institutions functioning in public and market areas of the EU, strongly interrelated, performing multi-faceted tasks arising from current customs policy challenges [Świerczyńska, 2017a]. Its foundation is the customs union formed by the EU Member States. The development of the customs union is correlated with changes in international economic relations and the EU's plans for the role of customs duties and the customs system. The international framework of the customs system is composed of the customs administration or, more specifically, the competent customs administrations of the Member States [Table 1].

Table 1. Customs administrations of the European Union Member States

COUNTRY	Name of customs administration	Type of organisation	Number of customs staff (approximate)
Austria	Customs Department, Ministry of Finance	Ministry department	1,700
Belgium	General Administration of Customs and Excise, Federal Public Service of Finance	Ministry department	3,233
Bulgaria	National Customs Agency	Customs agency	3,174
Croatia	Customs Administration, Ministry of Finance	Ministry department	2,587
Cyprus	Department of Customs and Excise, Ministry of Finance	Ministry department	456
Czech Republic	The Customs Administration of the Czech Republic	Customs agency	5,535
Denmark	Danish Customs Agency	Customs agency	960
Estonia	Estonian Tax and Customs Board	Revenue authority	537
Finland	Finnish Customs	Customs agency	2,028
France	Direction Générale des Douanes et des Droits Indirects	Customs agency	16,748
Germany	Central Customs Authority	Customs agency	42,153
Greece	General Directorate for Customs and Excise/ Independent Authority for Public Revenue	Revenue authority	1,192
Hungary	National Tax and Customs Administration	Revenue authority	4,247
Ireland	Office of the Revenue Commissioners, Irish Tax and Customs	Revenue authority	1,267
Italy	Customs and Monopolies Agency	Customs agency	9,607
Latvia	National Customs Board of the State Revenue Service	Revenue authority	482
Lithuania	Customs Department under the Ministry of Finance of the Republic of Lithuania	Ministry department	1,958
Luxembourg	Administration des Douanes et Accises	Customs agency	450
Malta	Customs Department, Ministry for Finance and Employment	Ministry department	420
Netherlands	Customs Policy and Legislation Department, Ministry of Finance	Ministry department	5,809
Poland	National Revenue Administration	Revenue authority	11,274
Portugal	Tax and Customs Authority	Ministry department	1,329
Romania	Romanian Customs Authority	Customs agency	3,021
Slovakia	Financial Administration, Slovak Republic	Revenue authority	2,887
Slovenia	Financial Administration of Republic of Slovenia, Customs Department	Revenue authority	455
Spain	Departamento de Aduanas e Impuestos Especiales. Agencia Estatal de Administración Tributaria (AEAT)	Revenue authority	4,084
Sweden	Swedish Customs	Customs agency	2,457

Source: prepared by the author on the basis of [WCO, 2023].

Customs administrations are primarily responsible for the supervision of the Union's international trade, the implementation of external aspects of the internal market, of the common trade policy and of the other common Union policies of relevance to trade as well as overall supply chain security [Regulation (EU) 952/2013]. Customs administrations put in place measures aimed, in particular, at the following: protecting the financial interests of the Union and its Member States; protecting the Union from unfair and illegal trade while supporting legitimate business activity; ensuring the security and safety of the Union and its residents, and the protection of the environment, where appropriate in close cooperation with other authorities; and maintaining a proper balance between customs controls and facilitation of legitimate trade [Regulation (EU) 952/2013]. Customs supervise all goods entering or leaving the territory of the EU's customs union, 24 hours a day, 365 days a year. To that end, they identify any threats or risks based on intelligence information regarding trade and security and carry out controls to ensure enforcement of the applicable rules. In 2022, the amount of duties collected in all the Member States was EUR 33.6 billion, with 75%, i.e. EUR 25.2 billion, transferred to the EU budget [European Commission, 2023b]. Moreover, customs administrations detected 508.9 tonnes of illegal drugs as well as 3.7 billion pieces of illicit tobacco and cigarettes. EU customs also seized 1,959 pieces of firearms, an enormous amount of over 5.8 million pieces of ammunitions and more than 205,000 pieces of explosives in the EU. Products suspected of violating intellectual property rights were intercepted by the EU's customs on almost 73,000 occasions. In 2022, customs administrations in the EU detected 34,694 cases of goods posing various health-related risks to consumers (in terms of sanitary, phytosanitary or veterinary technical standards) [European Commission, 2023b].

International supply chain actors need to deal with customs authorities nearly on a daily basis – every undertaking (whereas an importer or an exporter) must meet certain formal requirements and undergo customs procedures in their transactions. The wide variety of supply chain links (manufacturers, exporters, importers, freight forwarders, carriers; small, medium-sized and large enterprises; new entrants and experienced traders; a varying number of customs checks and amounts of customs duties and taxes paid, etc.) requires customs authorities to adopt different approaches while maintaining equal treatment in all the Member States. In 2022, 1,870 customs offices employing 82,431 customs officials handled the import, export and transit of around 1,110 million items (Table 2). According to the European Commission data [2023b], 95% of import declarations and 93.5% of export declarations were cleared by customs within 60 minutes.

Table 2. Number of customs declarations in 2022

COUNTRY	Import	Transit	Export
Austria	3,726,035	2,443,771	768,149
Belgium	10,498,874	9,091,975	15,114,863
Bulgaria	493,411	465,129	406,751
Croatia	341,298	281,077	321,496
Cyprus	203,096	1,640	44,016
Czech Republic	1,653,433	699,952	1,603,494
Estonia	531,633	158,568	153,236
Finland	663,316	73,800	1,103,650
France	4,614,459	-	6,817,725
Germany	149,300,000	7,800,000	234,200,000
Greece	521,542	145,312	677,107
Hungary	149,728	1,470,615	22,475
Ireland	22,311,429	-	2,468,979
Italy	28,521,270	1,296,302	21,611,676
Latvia	201,307	291,876	226,910
Lithuania	317,523	468,233	558,113
Luxembourg	68,021	104,178	87,398
Malta	880,325	253	23,626
Netherlands	152,914,525	3,731,342	32,898,771
Poland	7,211,046	488,320	16,660,466
Portugal	712,495	64,104	1,458,491
Romania	944,936	476,979	692,169
Slovakia	514,392	169,781	525,789
Slovenia	523,695	-	503,450
Spain	6,185,028	572,131	14,115,956
Sweden	6,627,547	459,959	5,988,107

Source: prepared by the author on the basis of [WCO, 2023].

Bearing in mind the importance of customs quality to smooth movement of goods in international supply chains, one can presume that customs handling represents a process comprising a wide range of specialised operations related to planning, organising, implementing and controlling movements of goods and services between various supply chain links located in different customs territories, from the manufacturer through all the intermediate stages of distribution, for the purpose of meeting the final consumer's needs [Witkowski, 2018]. Therefore, customs (and customs handling in particular) encompasses all customs formalities associated with business transactions in international trade in goods, carried out before customs authorities in accordance with the applicable law. The catalogue of customs services provided by the EU Member States' customs administrations is very extensive and gradually increasing.

Those are related to the implementation of customs policy measures arising from participation in the European customs union; contribution to revenue by collecting import and export duties, taxes and other charges; placing goods under various customs procedures and regularising the situation of imported and exported goods; recognising, detecting, combating and preventing crime, various serious criminal and petty offences concerning goods subject to prohibitions or restrictions on trade. With regard to customs quality, the top priorities for supply chain actors include the customs handling time and cost of transactions, service utility, easy access to information and uniform customs handling in every Member State.

2. The customs system in the face of supply chain challenges

As shown by more than half a century of the operation of the EU's customs system, the European customs union has endeavoured to perform its functions, adjusting the customs system to new tasks as well as to growing needs and demands from supply chains. In recent years, the customs system has been facing serious challenges: during the COVID-19 pandemic, customs administrations took measures to ensure border surveillance and effective border control, of extreme importance due to the role of filtering the movement of persons played by the EU's external borders, thus mitigating pandemic-related consequences. In addition, customs authorities performed a vital function of monitoring the carriage of vaccines and medical equipment, simultaneously adapting to disrupted and unstable supply chains. It also coincided with the expiry of the transition period related to the United Kingdom's withdrawal from the EU's single market, which changed the boundaries of the customs union in 2021. Subsequently, Russia's invasion of Ukraine forced customs to carry out a number of tasks: from enforcing prohibitions on exports through import control to providing assistance in the form of relief from customs duties. The consequences of those events put the resilience of global supply chains to the test. Supply chain resilience is defined as the ability of a supply chain to prepare responses to unexpected risk events and to recover from disruptions, restoring its potential to the original situation or moving to a more desirable state [Hohenstein, Feisel, Hartmann, Giunipero, 2015]. The risks of disrupted transport processes, suppliers' being unable to execute orders or broken transport links with other members of supply chains all accentuated the necessity for the customs system to respond and adapt, e.g. through flexible customs. In that context, one must point to related efforts by the European Commission; on 17 May 2023, the European Commission [2023a] presented its reform proposals for the customs union, with a time frame of 2028 to 2038. With regard to supply chains, the Communication

indicated that the customs union must be agile, future-proof and adapt flexibly to changes in supply chains, whether those related to the twin – green and digital – transitions in the ongoing decade or future developments of relevance to supply chain management [European Commission, 2023a].

The changes of the EU customs system, which have been occurring since the beginning of the 21st century, aim to pursue twin goals, i.e. facilitating and boosting trade in goods as a result of reducing customs clearance formalities and introducing simpler ones, as well as ensuring the security of commercial transactions and trade at the same time [Czermińska, 2016]. The challenges related to customs processes in supply chains concern various areas, particularly customs risk, e-commerce, customs legislation, supply chain partnerships and sustainable development.

2.1. Customs risk management in supply chains

The term (*customs*) risk was first introduced to the EU's customs legislation in 2005, as an amendment to the Community Customs Code [Regulation (EC) 648/2005]; it means the likelihood and the impact of an event occurring, with regard to the entry, exit, transit, movement or end-use of goods moved between the customs territory of the Union and countries or territories outside that territory and to the presence within the customs territory of the Union of non-Union goods, which would: prevent the correct application of Union or national measures; compromise the financial interests of the Union and its Member States; or pose a threat to the security and safety of the Union and its residents, to human, animal or plant health, to the environment or to consumers [Regulation (EU) 952/2013]. There is virtually no limit to supply chain areas where customs risk might arise, with multi-faceted origins. The various sources of threats to smooth flows of goods in supply chains in the customs aspect include behaviour or conduct inconsistent with the applicable legislation, legal requirements, accepted norms and adopted customs standards (incorrect classification of goods; erroneous customs tariff code, miscalculated customs value; false or incomplete particulars in customs declarations; the origin of goods inaccurately described), improper use of the IT system of an economic operator compromising supply chain continuity; no or incorrect control of the movement of goods; the lack of appropriate tools for business partner identification resulting in insufficient, false or no knowledge on the other supply chain links. Since any response to a significant risk tends to be active, it is necessary to appropriately manage such responses. The essence of risk management is the systematic identification of risk and the implementation of all measures necessary for limiting exposure to risk [Regulation (EU) 952/2013]. For

a supply chain, it requires the capacity to identify, evaluate and analyse the full range of threats and risks associated with goods and their movements as well as, should such threats materialise, taking account of their impact and consequences to undertake appropriate measures [European Commission, 2014]. Risk management allows customs authorities to more effectively identify and target those consignments that present a risk, thus to address those risks at the best moment in the supply chain [European Commission, 2021a]. Although risk management complementarity at the Union and national levels is of major importance, it is not always the case. The Member States have no common (EU-wide) regime for the supervision of supply chain consignments; customs authorities use their respective national systems and, in practice, each Member State adopts its own approach to the application of controls. Seizing opportunities for fraud or unfair practices, rogue traders may target the weakest link of the EU's external border to allow illicit or dangerous products to enter the EU market.

In the future, customs measures should focus on developing a high quality, multi-layered, effective and efficient common approach to risk management. It is necessary to adopt such a flexible approach as customs controls increasingly rely on digitisation and data flows. Risk analysis remains a key component of efficient customs controls enabling customs authorities to target controls in situations of the growing volume and pace of trade, putting an increasing pressure towards a more selective and targeted approach [European Commission, 2021a]. According to the planned reform of the customs union, risk management will be based on common priority setting while balancing centralised and country-specific rules.

2.2. E-commerce management in a customs environment

The growing role and complexity of supply chains give rise to new expectations towards the customs system which must be met for economic operators to seize opportunities offered by cross-border e-commerce. As defined by Eurostat and the OECD, e-commerce is the sale or purchase of goods or services by businesses, households, individuals or private organisations through electronic transactions conducted via the Internet or other computer-mediated (online communication) networks [European Court of Auditors, 2019]. According to the World Customs Organisation, it consists in pursuing economic activities with the use of ICT and computer technologies for electronic data interchange between independent computerised information systems for transacting business [Wawszczyk, 2003]. The cross-border aspect of e-commerce means that the actual (geographical) place of purchase is basically irrelevant to purchasing decisions; the option to buy the product concerned is accessible to the customer regardless of their country of physical presence or of the time of the transaction. The rapid growth in the volume of e-commerce,

particularly during the COVID-19 pandemic, due to increased fraud risk, required changes in conducting transactions. On 1 July 2021, the VAT e-commerce package entered into application; under that legislation, VAT must be levied by customs authorities on all goods upon their entry into the EU, unless the seller already charged the EU VAT on purchase under the Import One-Stop Shop scheme. Consequently, all imported products, also those of an intrinsic value not exceeding EUR 150 (for which no customs duties are due), are subject to VAT. As a result, the number of standard customs declarations increased from 376.8 million in 2019 to 691.5 million in 2021 [European Commission, 2021a]. The VAT e-commerce package enabled customs authorities to better supervise supply chains, but it did not eliminate the risk of abusing the above-mentioned threshold through undervaluing consignments. It will only be possible after removing the EUR 150 customs duty exemption, as indicated in the planned reform of the customs union.

Virtual reality will continue to develop rapidly; therefore, e-commerce procedures will require constant analysis and review, particularly with regard to the protection role played by the customs system: protecting societies from abuse of e-commerce for criminal activity, as well as to the performance of the fiscal function: fair and efficient charging, levying and collecting customs duties and taxes, especially in the case of low-value consignments. In addition, customs quality must keep up with the rising number of transactions and risk management requirements in conditions of limited knowledge on occasional e-buyers and supply chains.

2.3. The customs legislation - tasks and challenges facing customs administration in the light of international supply chains

A major challenge facing the customs system is taking action aimed at improving and facilitating compliance with the customs laws and regulations on the part of supply chain actors. The EU customs legislation comprises all legal rules, regulations, norms and instruments concerning trade in goods and services as well as procedures, mechanisms and institutions associated with those processes and relating to merchandise trade between the EU and third countries [Czyżowicz, 2002]. More precisely, the EU customs legislation encompasses all legal acts, including: the Union Customs Code (UCC) and the provisions supplementing or implementing it adopted at Union or national level; the Common Customs Tariff; the legislation setting up a Union system of reliefs from customs duty; international agreements containing customs provisions, insofar as they are applicable in the Union [Regulation (EU) 952/2013]. The volume of rules adopted by the EU in recent years is significant, e.g. with regard to environmental, safety and security, health, digital standards; at present, goods need to comply with and customs must

enforce more than 370 legal acts of the EU. Those ever-increasing tasks related to the enforcement of the EU legislation on prohibitions and restrictions have been placing significant pressure on customs [European Commission, 2023a]. Underpinning international movements of goods, the customs legislation contributes to ensuring smooth functioning of supply chains. Therefore, it should be clear, transparent and accessible to all actors. Systematic evaluations of the applicable regulations, with a view to verifying whether they still correspond to the actual international trading conditions and ensure business-friendly customs procedures, should become standard practice. Such reviews are also necessary on account of the functioning of the customs system in emergencies or crises; as shown by the COVID-19 pandemic experience, such development may result in disrupted or interrupted supply chains.

Another challenge to the Union customs system concerns the interpretation of the customs legislation, to be implemented and enforced by the Member States. To date, even though the EU customs legislation is applicable in all the Member States, its interpretations happen to differ. An important step was the announcement of establishing the EU Customs Authority, as part of the planned reform [European Commission, 2023a]. The new institution will be tasked with steering, coordinating and supporting national customs authorities for a more harmonised application of customs processes. It will enable customs authorities at the EU and national levels to 'act as one' with regard to controlling the EU's external border for goods, thus strengthening the supervision of supply chains [European Commission, 2023a]. It is worth highlighting that there is no single EU customs administration at present; instead, traders must deal with 27 national customs administrations which should act in a fully coordinated manner, which is, unfortunately, not always practical. Moreover, the Customs Authority will be tasked with preserving the integrity of the single market, in particular by drawing up guidelines on acts and omissions infringing customs regulations and preparing a single package of non-criminal sanctions for such infringements for all the Member States [European Commission, 2023a]. It is extremely crucial to establish a single legal framework for customs infringements as the existing differences leave the door open for fraud and abuse of rules. Another pivotal element is to ensure equal treatment of traders, irrespective of the place where goods are brought into or taken out of the customs territory of the EU. So far, efforts made by the European Commission to develop a single classification of infringements of customs law and sanctions have not resulted in a satisfactory conclusion. Therefore, the above-mentioned issue remains to be resolved in the near future. At this point, it is worth emphasising that members of supply chains only enjoy a level playing field when the customs legislation is applied and enforced in a uniform manner.

The absence of a common legal framework for the treatment of customs infringements and sanctions results in the lack of legal certainty for economic operators as well as in potential supply chain disruptions. Supply chains must be supported by clear, stable, coherent, predictable and practical customs legislation.

2.4. Partnership in supply chains - AEO status as an important way of building trust between business partners in supply chains

Partnerships determine the shape and nature of cooperation in business; the risk of a collapse of cooperation and a loss of trust between supply chain actors may arise at any time. Therefore, it is essential to even more effectively reinforce the role and status of Authorised Economic Operator (AEO). Introduced to the EU legal order in 2005 [Regulation (EC) 648/2005], the AEO programme has functioned in practice since 1 January 2008 [Commission Regulation (EC) 1875/2006]. The status of Authorised Economic Operator (AEO) is granted to an economic operator who is deemed reliable, trustworthy and financially solvent in the context of their customs-related operations; whose organisation, infrastructure and safeguards for IT systems and facilities for the storage of goods provide an adequate protection of areas and goods and against unauthorised access to the goods [Świerczyńska, 2017b]. The participation in supply chains of economic operators seen by customs authorities as reliable, trustworthy and financially solvent makes it easier to build partnerships and trust. But due to stringent requirements for traders applying for an AEO authorisation (AEO certificate) and varying customs approaches adopted in particular Member States during audits, despite the various benefits in the form of facilitations granted (fewer controls; priority treatment of consignments if selected for control; choice of the place of controls, e.g. different from the place of the customs office involved; prior notification; self-assessment, centralised clearance) or indirect benefits (reduced theft and losses; fewer delayed shipments; improved planning; improved customer service; improved confidence, thus customer loyalty; improved inventory management; improved employee commitment; reduced security and safety incidents; lower inspection costs of suppliers; improved communication between supply chain partners) [European Commission, 2016], the solution attracts varying interest from businesses in individual Member States. It is very important to effectively encourage economic operators to participate in the Programme; the more links in an international supply chain hold AEO authorisations, the more benefits will be available for the supply chain as a whole. In a situation where all supply chain links are not holders of AEO authorisation, customs administrations may not assess the risk as low enough to be reflected in reduced customs controls of consignments shipped in the supply chain

in question, significantly speeding up the movement of goods. The new concept of 'Trust and Check traders' (modified and upgraded AEOs) included in the customs reform seems to be a step in the right direction; the underlying idea is that the most trustworthy economic operators should be able to place their goods on the EU market (for free circulation) without formal customs interaction [European Commission, 2023a].

2.5. Sustainable supply chains - the role of customs authorities and customs services

Supply chain strategies are increasingly built on the basis of modern concepts of sustainable development. The objective of supply chain sustainability is to create, protect and increase long-term value for all stakeholders involved in bringing products and services to the market [Sisco, Chorn, Pruzan-Jorgensen, 2012]. The application of sustainable development principles in supply chains contributes to long-term business viability in agreement with all participants. Sustainable supply chain management is the control of supply chain operations, resources and logistic streams to maximise supply chain profitability while reducing negative environmental impact and maximising social well-being [Hassini, Surti, Starcy, 2012]. The sustainability concept is consistent with tapping the potential of digital tools in the implementation of customs administration. It has become a priority for the customs system to rely on IT systems wherever possible, according to the principle of a 'paperless environment'. The ICT solutions adopted in customs are based on the regulations of the Decision of the European Parliament and of the Council on the introduction of an EU-wide electronic customs system [Decision 70/2008/EC] as well as on the UCC provisions. Although some of the work associated with extending and upgrading a total of 17 IT systems was completed in 2020, ensuring a complete and fully integrated structure across all the Member States is planned to continue up to 2025 [European Commission, 2018].

The implementation of modern IT solutions in customs speeds up the movement of goods in supply chains, which contributes to achieving one of the main objectives of any supply chain, i.e. ensuring smooth and efficient flows of materials, products and services, from their place of origin to the final customer. Nowadays, tapping the potential of digital tools in the provision of customs services is indispensable to supply chain sustainability. Therefore, it is vital for ICT systems to offer uniform solutions to all supply chain actors in all the Member States. The goal to be achieved in the implementation of customs systems is reaching the highest possible level of integration, which undoubtedly is and will remain challenging to customs, given the ongoing and fast technological changes. For the coming years, it is essential that the development of e-services offered

by electronic customs should continue. At the same time, e-customs should be subject to constant monitoring for the quality of customs operations. Making supply chains more sustainable, in particular by promoting sustainability standards across global value chains, should be a priority. Experience has shown that more sustainable supply chains tend to be more resilient. Trade policy can also contribute to that objective by promoting responsible business conduct as well as greater transparency and traceability in supply chains [European Commission, 2021b].

Summary

The EU system is not static in the face of the volatility, uncertainty and ambiguity of the environment; instead, it responds to all challenges arising, so as to ensure the guarantee professional customs handling to participants in supply chains. In the author's opinion, measures taken so far allow a positive assessment of customs activities. In both legal and organisational aspects, the customs system efficiently and smoothly adapts to new tasks and ever-increasing demands of changing international trade conditions. High quality customs is a major source of supply chain benefits and profits. The role played by customs administrations towards supply chain actors is not confined to their traditional dimension, consisting in the collection of customs duties and taxes; rather, it is constant and consistent support for economic activity. Customs quality should be seen as a commitment that the customs system should fully meet expectations from members of supply chains by providing professional services adapted to the actual conditions. An important determinant of customs quality is clear, transparent customs legislation as well as the rights and obligations of economic operators arising from customs rules and regulations. Much has been done in that regard, with positive customs reform developments, considering the planned time frame for the implementation of the reform (2028-2038). Until the full implementation of the reform, the regulations should be monitored for relevance to changing business conditions, for the legal environment to support and promote supply chain operations. Innovative solutions and facilitations introduced to the customs system are largely based on the electronic environment, which is perfectly consistent with the sustainability principle, for individual enterprises and the EU economy as a whole. Therefore, it is vital for ICT systems to offer uniform solutions and options to all supply chain actors in all the Member States. According to the Author, the most important for customs services in supply chains will be activities aimed at enhancing effective controls at the optimal point of the supply chain, based on maximal automation and electronisation,

To recapitulate, the global environment, with its dynamic and varied changes, creates unstable and demanding conditions for the functioning

of modern supply chains, thus giving rise to ever new challenges to the EU customs system. The EU system must be forward-looking, taking account of global trends and challenges; customs administrations must display constant innovation and preparedness for action. A stronger customs system requires standardised internal and external measures in a number of areas as well as adapting and using all the tools necessary to support members of supply chains.

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