

Time has come in Bern to decide about the future direction of Swiss foreign trade

Simple cross-border movements in reach

The course is currently being set in Bern for the future simplification of Swiss foreign trade. The SSC has had quite some influence on the implementation of DaziT and Passar IT systems. As a member of the FOCBS consultative body, representing the interests of shippers, it is also at the table for the total revision of the national customs act.

The SSC has been in a position to make an important contribution to political discussions and exert the corresponding influence through president Fabio Regazzi MP, a member of the lower house of the Swiss parliament. It's therefore all the more important that Swiss companies in foreign trade join forces and express their requirements.

Only in this way can the SSC help to set the necessary course in the administration so that significant simplifications concerning trading goods with foreign countries can finally be implemented in the administration of every exporter and importer's activities. The total revision of the customs act is set to be discussed in November 2022, and the SSC can help to determine the framework conditions. This is precisely why it's important to join forces. Switzerland is dependent on foreign trade and needs to develop a leaner administrative infrastructure.

There are more changes coming up in the near future in import and export activities for Swiss firms than ever before. The most important ones are listed here.

An end to industrial customs duties and simpler customs tariff with effect from 1 January 2024

From 1 January 2024 customs duties will no longer be levied on any industrial goods (chapters 25–97 of customs tariff) when they are imported into Switzerland – regardless of the country from which the goods originate. Consequently, there will no longer be any need for origin docu-

ments, which are currently required in order to apply for such concessions when importing goods. In future, these documents will only be required for any re-export.

Thus the import industry will not only benefit from the abolition of customs duties, but also from simplifications concerning the registration of goods. In addition to the abolition of industrial customs duties, the bill also provides for the simplification of the current customs tariff for industrial goods.

This means that the current customs tariff numbers, which have eight digits and are partially coded with a three-digit key, will be shortened to the first six digits.

What remains is the international harmonised customs tariff ('harmonised system code/HS code). Today's laborious tariff classification of goods at customs clearance with the Swiss sub-numbers (seventh and eighth digits of the customs tariff and key) will thus be eliminated.

This clearly brings advantages for customs clearance. We expect additional cost savings to be feasible, as the self-declaration

of own consignments will become possible. These and other simplifications will be implemented with the new Passar IT system (see next point).

Only still one customs declaration a month, thanks to DaziT

The Swiss customs authorities launched DaziT, with a budget of CHF 400 million, on 1 January 2018. It aims to implement systematic simplification and end-to-end digitalisation of processes by the end of 2026. In the first four years, various apps for smartphones have been developed; they can already be used.

However, in order for the simplifications in clearance processes that we have called for to be implemented accordingly, a new customs system is needed in commercial goods traffic. The old NCTS system (transit system) and the e-dec programme are getting on in years.

The new IT system, called Passar, will be introduced in summer 2023. It will initially be implemented for transit traffic, and will soon be expanded to export and import declarations too.

This will lead to major changes in communication between the business community and the customs authorities. The existing IT interfaces will have to be adapted by the business community, a process that shouldn't be underestimated.

But the new Passar system will also introduce real simplification for trade and industry. In addition to the

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All change at the Koblenz border station too.

Photo: FOCBS

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above-mentioned simplification of the customs tariff, the possibility of periodic two-stage collective customs clearance should also be mentioned.

In the first stage, this means that the border crossing of the goods is declared with minimum data (reference number, goods description, number of pieces, weight) and the goods are then immediately cleared through customs without a stop and are in free circulation.

In the second stage the Federal Office for Customs and Border Security (FOCBS) is notified of the other data (customs tariff number, value of goods, etc.) through a monthly or quarterly declaration.

This is then used to create the assessment ruling (customs receipt, or eVV), which is required for the VAT statement. This means that a company will only have twelve eVVs a year, instead of the hundreds or thousands of XML files it has today. In our opinion, the resulting

administrative simplification for Swiss importers and exporters is significant and exceeds the investment costs.

A planned simplification of parcel and courier customs clearance, which will now apply without a permit and to all types of goods, is also worth mentioning (see details in the interview, facing page).

FOCBS consultative committee on the new customs law

To provide a legal basis for these simplifications and new processes, the customs act is undergoing a total revision. As a trade association, we submitted a multi-page statement during the consultation process. Our needs for simplification (see above) have largely been implemented.

One welcome milestone that has to be mentioned is the planned establishment of a FOCBS consultative body, which we also called for. The FOCBS has now also included such a consultative body for the customs act, as was already the case for the VAT act too.

Specialists from trade and industry will discuss future processes there with the authorities. As the association representing Swiss shippers the Swiss Shippers' Council will have a seat on the committee and thus be able to contribute the requirements of trade and industry.

The government published the white paper on the new customs act at the end of August. In the meantime the SSC has prepared the parliamentary consultation thereof with our president, Fabio Regazzi MP, and will accompany them.

For further information, please visit www.swiss-shippers.ch.

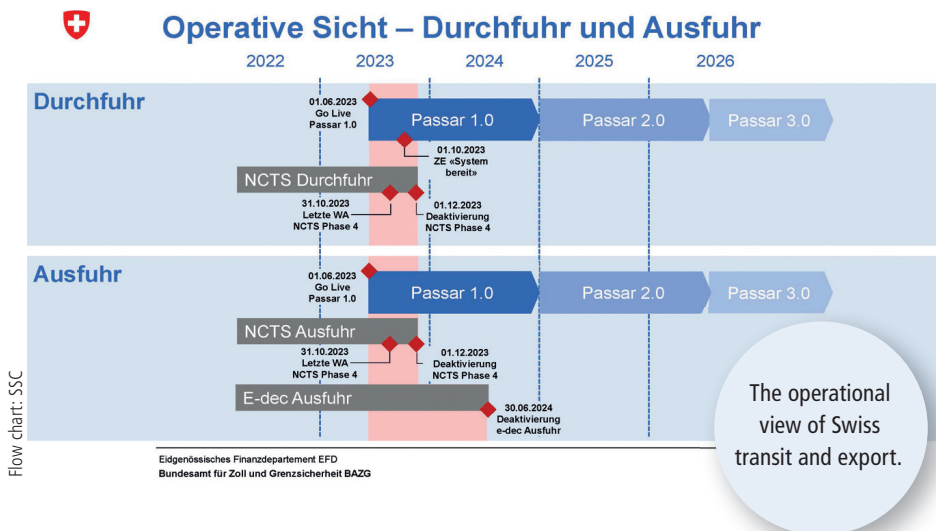
Passar – changed date for conversion from e-dec export

Initially, the FOCBS said that the changeover from the 'e-dec export' system to the new Passar system would take place on 1 December 2023. This was the same time as the changeover from the NCTS (transit) system was also scheduled.

After our intervention the transition phase of e-dec export has now been extended and decoupled from the timetable for the NCTS changeover. It will now be possible to register goods through e-dec export until 30 June 2024. After that, only the new Passar system will be available. Exporting companies are therefore well advised to start thinking now about Passar and its new procedures and interfaces.

The SSC can assess the effects of the changeover for you in a preliminary consultation. To this end our customs clearance experts are available for our members.

You can contact the office for this directly at info@swiss-shippers.ch.



A successful customs seminar on 14 September

We were happy to once again hold the seminar as a face-to-face event in a relaxed atmosphere in early autumn. Despite the slightly earlier date, the seminar received a positive response from experts, with 115 participants taking the opportunity to exchange views with customs experts and colleagues.

Under the direction of Marc Bernitt, the president of the customs and foreign trade commission (CFC) of the SSC, the participants received detailed and up-to-date information on the various topics currently preoccupying the foreign trade industry. Professor Hans-Michael Wolffgang presented an important in-

roduction to the new supply chain law, with Jürgen Böhler-Royett Marcano, of Switzerland's state secretariat for economic affairs (Seco), additionally providing participants with an insight into his work on the lessons learnt from sanctions imposed in connection with the war in Ukraine.

The time for action is now

It is once again evident that export control has not quite reached the highest management level in many enterprises. However, with the Ukraine conflict, a corresponding sensitisation took place through the media and some exporters

were caught cold with the implementation of the sanctions and embargo.

It is crucial that exporters benefit from the current trend and set up an export control regime in their firms. We at the SSC and our CFC experts are ready for your questions. *Philipp Muster*

SSF 2023 – save the date

The next Swiss Shippers' Forum SSF in Interlaken is scheduled for Thursday 27 to Friday 28 April 2023.

Our next annual general meeting will follow the forum, SSF 2023, and be held on the afternoon of Friday 28 April 2023.

The latest innovations in the customs field worldwide, in Europe and in Switzerland

Staying on the international ball

The world is an unstable place; customs too are undergoing highly dynamic changes. There are, however, opportunities for Swiss importers and exporters, according to Marc Bernitt, K+N's senior vice-president for customs activities in Europe. We talked to him about the impact of the RCEP free-trade region, the German supply chain act, the EU's CBAM mechanism and Swiss customs authority innovation.

Customs affairs are the subject of dynamic developments at a global level, as is the case for the whole transport and logistics industry. What has your experience been of market access to the states in the Far East's Regional Comprehensive Economic Partnership (RCEP)?

This is a major challenge for Switzerland, but it can be overcome. At the end of 2020, 15 Asian states established RCEP, the world's largest free-trade area. It will successively dismantle customs barriers between the member states by 2032.

Switzerland has had a free-trade agreement with China in force since 1 July 2014, enabling it to build a bit of a head-start in the region – but the privilege will end in 2032. Switzerland's state secretariat for economic affairs is now negotiating similar agreements with other Asian states. It should maintain this focus.

This is of great importance to Swiss business, considering that the RCEP countries account for 33% of global GDP and USD 26 trillion in trade. The Asian middle class is still emerging and global trade will gradually shift there.

What trends have you ascertained in Swiss firms' import and export activities?

We've observed a trend towards near-shoring, and towards corporations relocating production facilities or suppliers from Asia to Africa, for example, or to the Middle East. The latter is interesting from a customs point of view, on account of the GCC. For Swiss companies too the speed with which they can supply Asian markets remains a key element of their ability to compete.

What is the situation at home like?

The ongoing transformation of the Federal Office for Customs and Border Security (FOCBS), which began in 2018 and is due to be completed in 2026, is in full swing. Of the CHF 400 million in approved funds, the lion's share has been earmarked to redesign Passar, the goods clearance IT system.



Photo: Kuehne + Nagel

M. Bernitt sees opportunities for Switzerland.

Simplification of Passar 2.0 means, for example, that consignments that aren't subject to a 'non-tax remission' and are worth up to CHF 5,000 or weigh up to 5,000 kg only require a reduced data set. Agricultural products don't fall under this, but goods groups from chapter 23 of the Swiss customs tariff do.

How do you see the impact of Germany's supply chain act?

A firm that works with a subsidiary in Germany, for example, has to comply with this law. It has to be able to answer questions about how machine parts are manufactured by direct and indirect suppliers. In the case of an audit this information will be checked. An internal human rights officer is required, to ensure that a firm adheres to the guidelines issued by the German parliament.

An enterprise has to, for example, reprimand foreign partners if demonstrable violations of human rights come to light, and end cooperation if the partner doesn't act to stop such violations.

Where does Brexit stand today?

Brexit has been completed and goods controls have been imposed. The UK requires digital customs declarations to be made before the goods arrive.

The EU doesn't make this a condition, but applies so-called 'smart' border procedures. These processes are used by French customs brokers, for example, who

pre-announce consignments, which are confirmed and cleared by barcode in the truck as it passes through the Eurotunnel.

An innovation has also resulted from the significant shift in the flow of goods, as British companies find new suppliers in the Americas or Asia.

The 'Chief' customs system was converted to CDS for all imports on 1 October 2022, and this will also apply to all exports from 1 March 2023. Swiss exporters and forwarders must coordinate this with their counterparts in the UK.

The number of customs declarations triggered this change. There used to be 50 million declarations a year in the UK; today this figure has risen to 250 million.

How should companies prepare for the carbon tariff, called the Carbon Border Adjustment Mechanism (CBAM), due on 1 January 2023?

The European Union's Wise Persons Group on Challenges Facing the Customs Union, a panel led by Arancha González Laya, has presented ten measures to implement the EU's 'Green Deal'. This aims to reduce emissions by 55% (vis-à-vis the 1990 level) by 2030. One measure concerns 'green' tariffs. The plan provides for tariffs to be linked to industries' environmental standards in future, amongst other things.

The CBAM, an incentive tax, will be levied from 1 January 2023. According to the plan, import and export companies will have to be CBAM-certified in future, which the forwarder will have to verify.

The practical requirements haven't been defined yet. However, the companies concerned should be vigilant and keep themselves well informed of progress in markets and in politics.

Short profile of Marc Bernitt

- 36 years of external trade experience
- Various top executive positions in industry and business consultancies
- Currently Kuehne + Nagel's senior vice-president for customs activities in Europe