

EU-Russia customs cooperation – solving border congestion

By László Kovács

The deepening interdependence between the economies of Russia and the European Union is directly reflected in the growing volumes of our bilateral commercial exchanges. Over the last five years, the EU's trade with Russia has been increasing at an average annual pace of over 24 %. In 2007, its total turnover exceeded € 230 billion. The EU is also Russia's first trading partner, with over 50 % of the value of Russia's total foreign trade.

Our success in developing our bilateral trade relations, however, has come at a price. The ever growing volumes of goods exported or in transit from the EU to Russia have led to an increasing strain on our common border. Finland, Estonia and Latvia have witnessed increasingly long queues of lorries awaiting clearance, sometimes for days on end, with serious consequences not only of a commercial nature and not only limited to the costs imposed on economic operators. Lorry congestion also has an important environmental and social impact on communities near the border.

The EU and Russia are both well aware of this problem, which has been discussed at each of the last four EU-Russia Summits.

At the end of 2006, the Commission took the initiative, in agreement with EU Member States, to propose to Russia a number of structured short-, medium and long-term actions to bring about a sustainable solution, in line with our mutual interests, to congestion at our common border.

The result is that we have agreed with our Russian counterparts a strategy resting on concrete objectives that is in our power to achieve, and which is already becoming a reality. The strategy is based on three interconnected priorities for action:

- Implementation by Russia of legislative, administrative and procedural measures to improve the situation at the border, notably by reducing the number of agencies operating controls at the border;
- Implementation of a pilot project on exchanges of advance information. Consignments for which advance information is sent will benefit from facilitated customs procedures leading to shortened clearance time;
- Implementing and developing border-crossing and customs infrastructure on both sides of the border.

In order to follow up the implementation of these actions, we have set up a working group with the participation of EU Member States on a voluntary basis, the Commission and Russian Customs.

In the framework of this strategy the Community offers to provide advance customs information to Russia on a pilot basis. This gives the Russian authorities an excellent opportunity to streamline and increase the efficiency of procedures at the border. At the same time, the Russian Federation commits itself to using this information so that in return it can offer economic operators real facilitation at the border.

Already 13 EU Member States¹ have subscribed to this project and to sharing this commitment in engaging in exchanges of information. The necessary technical work is being carried out so that the pilot project can become fully operational, as scheduled, in January 2009.

The success of the information exchanges and of the ensuing facilitation from which consignments of goods will benefit depend to a large extent on the results of the ongoing reform of border activities in Russia. If trade continues to expand, the efficiency and processing capacity of customs on both sides of the border will need to increase even faster: should one of the actors in the chain of customs procedures be less efficient than the others, bottlenecks will ensue. This is the reason why we are particularly looking forward to the implementation of Russia's reforms which come under the first priority for action of the strategy we have agreed. The result must be a streamlined, transparent and efficient system of border controls which functions in a predictable manner and eliminates the scope for any arbitrary application of procedures.

The Community has supported Russia's efforts in customs reforms and will continue to do so through commonly agreed and

well-targeted technical cooperation projects. Indeed, the development of bilateral technical cooperation between Russia and the Community is of particular importance in order to achieve the compatibility of our respective customs systems as set out in the current Partnership and Cooperation Agreement.

A € 3 million project on the modernisation of Russia's transit system is already being successfully implemented. The Commission has also proposed another project, funded with € 5 million, which has the twin objectives of reducing the time necessary for the passage of persons and goods through the EU-Russian border, and of improving cooperation among Russian services as well as between them and their counterparts on the other side of the border.

In the longer term, we will also need to ensure that border-crossing and related infrastructure is of sufficient capacity to cope with ever increasing trade volumes. Russia and the EU have already discussed this issue at length, leading to useful exchanges of information on the two sides' infrastructure priorities as well as current and planned projects, including financing possibilities. We need to keep up this discussion so that the development of infrastructure on both sides can take place in a coordinated manner.

In the last meeting of the EU-Russia Sub-Committee on Customs and Cross-Border Cooperation², held in Moscow on 19 June 2008, the EU confirmed its commitment and willingness to proceed along the lines agreed with Russia. The pilot project on exchanges of information will be up and running from the beginning of next year. It is my sincere hope that the reforms of Russian border procedures currently being finalised will also be fully implemented as of that time.

The work that we have achieved so far and that we will accomplish from now on will make an important contribution to the preparation of the new Agreement between Russia and the EU, on which negotiations have just begun and which will eventually replace the current Partnership and Cooperation Agreement. This work will further strengthen our cooperation and help us in harmonizing and simplifying our customs procedures, with the ultimate aim of ensuring the smooth flow of goods in our bilateral trade.

Both Russia and the EU firmly believe that the strategy we have agreed is the right way ahead to solve once and for all the problem of lorry queues at our common border. The EU has shown its commitment to the implementation of this strategy. We expect that Russia will implement the very same commitment and devote all of its efforts to the necessary reforms. Through the parallel and simultaneous implementation of all three priorities of our joint strategy, we will produce a lasting solution to border congestion.

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¹ Austria, Belgium, Czech Republic, Estonia, Finland, Hungary, Italy, Latvia, Lithuania, Poland, Slovakia, Slovenia and Sweden.

² This Sub-Committee is the main regular, high-level forum for the discussion of bilateral customs issues between the EU and Russia. Its meetings are chaired by the Commission's Director-General of Taxation and Customs Union and by the Head of Russia's Federal Customs Service. Member States may also participate.