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## **Customs: WTO rejects US claims and confirms the regime for EU customs administrations meets high standards**

***The European Commission welcomes the report of the Appellate Body of World Trade Organisation's circulated today, which confirms that the EC regime for customs administration, which involves millions of transactions every year, meets WTO standards. The report rejects the unsubstantiated claims of the US on the EC customs regime and reverses two specific violation findings made in the earlier panel report. This confirms the right of the European Community (and any WTO Member) to decide on how to best organise its customs administration, including judicial review of the decisions of its customs authorities.***

"I welcome the confirmation by the WTO Appellate Body that WTO Members, including the EC, have the right to decide on the best way to organise their administration, provided they comply with WTO standards. The EC meets these requirements both in terms of uniformity and prompt review standards. Hopefully, this judgement will deter others from bringing unsubstantiated claims to the WTO dispute settlement system in the future" EU Trade Commissioner Peter Mandelson said.

"I am very happy that the WTO has rejected the far-reaching and unsubstantiated claims made by the US. This report confirms that the EC customs regime meets high standards and is in compliance with our WTO obligations." EU Taxation and Customs Commissioner László Kovács said. "This being said, the EC will pursue its agenda and continue to adapt its customs environment to the challenges of globalisation."

The Appellate Body's report confirms that the US has failed to bring any evidence that EU system of customs administration is inconsistent with the EU's WTO obligations to ensure uniform administration and prompt review of administrative decisions. Furthermore, the report reverses two out of three specific findings of violation of WTO rules in the application of EC customs law.

## Background

The case was launched by the US in 2004. The US complaint claimed that the EC system of customs administration does not ensure uniform administration by the customs authorities of the 25 Member States. In addition, the US claimed that the review of administrative decisions on customs matters by the courts of 25 Member States failed to comply with the EC's obligation of "prompt review and correction of administrative action". As a result, this WTO challenge had potentially very far-reaching and systematic implications for the EC. In practice, the US allegations pointed in the direction of the establishment of a central EC Customs agency and an EC Customs Court.

The US claims were not backed by any substantial evidence. Furthermore, the request for public comments on this case resulted in only three replies from US companies, two of which were completely irrelevant. The WTO issued a first report on 16 June 2006. This report was broadly a victory for the EC. As anticipated, the report rejected the far-reaching and unsubstantiated claims made by the US and merely found a violation of GATT rules in three very specific instances of application of classification and valuation rules. The second WTO report on this dispute, issued pursuant to an appeal introduced by the US, confirms the conclusions of this first report with respect to the consistency of the EC customs regime with WTO rules and, moreover, reverses two out of three specific violation findings made by the panel.

For more information on customs policy see:

[http://ec.europa.eu/taxation\\_customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/index_en.htm)