



EUROPEAN PARLIAMENT

DIRECTORATE-GENERAL FOR RESEARCH
DIRECTORATE A
DIVISION FOR INTERNATIONAL AND CONSTITUTIONAL AFFAIRS

FACTSHEET

HUNGARY

Chapter 25 - Customs Union

1. The *acquis* ¹

The *acquis* includes the Community customs code and implementing provisions, the Combined Nomenclature, the Common Customs Tariff and trade preferences, tariff quotas and tariff suspensions, as well as other customs-related legislation (e.g. on counterfeit and pirated goods, drug precursors and export of cultural goods).

As well as adopting the *acquis*, the candidate countries have also been requested to provide information on their operational capacity in areas such as: reform and strengthening of the customs service; installation and operation of customs-related IT systems capable of interfacing with EU systems; measures to reduce waiting times at borders, to protect copyright and industrial property rights, combat economic and organised crime and strengthen customs ethics; measures to combat fraud and corruption and to further develop and implement efficient training schemes.

The roles, responsibilities and links between central and regional customs offices must be clearly defined and audit, investigation and training functions as well as customs laboratories must be established. A pre-accession unit and a customs consultative committee must be set up, and intelligence, investigation and enforcement teams need to be established.

The necessary facilities and equipment will have to be in place at ports, airports and borders, including control and examination facilities and specialist equipment. Post-clearance audit controls will have to be developed and risk profiles established for each location.

¹ Information largely drawn from the European Commission, DG Enlargement
<http://europa.eu.int/comm/enlargement/negotiations/index.htm>

2. The negotiations

The chapter has been closed with ten countries and provisionally closed with Bulgaria and Romania. During 2002, DG Taxation and Customs Union, in cooperation with DG Enlargement, has carried out a monitoring exercise for Chapter 25 in all countries except Bulgaria and Romania in order to evaluate the operational capacity of their customs administrations to manage the Customs Union and, consequently, the Internal market, after accession.

Chapter opened: May 1999

Status: Closed December 2002 (provisionally closed in the first half of 2001)

Transitional arrangements:

Hungary has been granted a three-year transitional period for the import of aluminium, not alloyed (CN Code 7601 10 00), with a progressive schedule of implementation involving a decreasing import quota and an increasing *ad valorem* duty:

- a quota of a maximum of 110 000 tonnes of aluminium not alloyed, at a rate of 2% *ad valorem*, during the first year;
- a quota of a maximum of 70 000 tonnes of aluminium not alloyed, at a rate of 4% *ad valorem*, during the second year;
- a quota of a maximum of 20 000 tonnes of aluminium not alloyed, at a rate of 4% *ad valorem*, during the third year.

3. Latest Assessment by the European Commission ¹

In its 1997 Opinion, the Commission concluded that Hungary was making a major effort to align its organisation and staff to the duties that have to be carried out by a modern customs organisation. The Commission added that, if Hungary reinforced its efforts, particularly in relation to project management in the computerisation area, Hungary should be ready to fulfil the responsibilities of an EU customs administration within the next few years.

Since the Opinion, Hungary has achieved steady progress in aligning with the *acquis* in this area has also gradually developed and reinforced the necessary administrative capacity. The alignment of the customs legislation with the *acquis* is now almost completed and administrative capacity is at a relatively advanced stage, although a number of issues remain to be tackled in this regard.

Negotiations on this chapter have been provisionally closed. Hungary has been granted a transitional period until the end of the third year following the date of accession or 31 December 2007, whichever is the earlier, for compliance with the Common External Tariff as regards the opening of a yearly tariff quota for aluminium, not alloyed. Hungary is generally meeting the commitments it has made in the accession negotiations in this field.

In order to complete preparations for membership, Hungary's efforts should now focus on ensuring full interconnection of its national systems with the EC customs IT systems, and on strengthening the customs services' capacity to combat fraud and economic crime, in close co-operation with other enforcement bodies. As regards the alignment with the *acquis*, Hungary has

¹ European Commission, Regular Report on Hungary 2002, pp. 118 & 119:
http://www.europa.eu.int/comm/enlargement/report2002/hu_en.pdf

to take the necessary steps to prepare for the application of measures and provisions that will be introduced only at the date of accession, including in relation to free zones.

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