

The German Customs Authority

Far-reaching and varied work in the European Union

The reunification of Germany in 1990 and the rapid development of the European Union have posed many challenges for the German Customs Authority.

Siegmar Kunas, Chief of German Customs, explains the wide responsibilities of his organisation and the great changes it faces.



Germany is a member of the European Union, which has uniform customs laws and common outside borders. Customs revenues flow into the consolidated EU budget, apart from 10 per cent which are retained to cover administrative expenses incurred in raising customs revenue. There are no customs controls at the internal borders between EU member states.

The German Customs Authority, like the customs authorities of the other 14 EU member countries is a national customs authority. There have been no attempts to create a unified European customs authority.

However, there is an EU program which aims to make all member customs authorities as effective and productive as a unified European

customs authority. This means that all EU customs authorities are to match their work practices and control methods to achieve a high standard of outcomes.

Why are there over 40 000 German customs officers

The German Customs Authority has over 40 000 staff, making it the third largest customs authority in the world after Russia and China. There are four main reasons for this:

- Germany has extensive external trade and enormous transit traffic, especially since the opening of the eastern borders. In addition there are 160 customs offices at the borders and 240

inland customs offices. About 3800 customs officers are employed to monitor land borders and the coast. The Authority is responsible for excise taxes as well as customs revenue.

- The Authority has police enforcement powers to investigate offences against regulations of customs and excise legislation. The Authority therefore has the role of a specialist police force in financial matters. This is a work-intensive area of responsibility. As a result about 3000 officers are employed in the customs investigation department including criminal investigations. Additionally, about 600 officers work in the fines and penalties offices.
- Germany has traditionally provided its citizens with extensive legal protection in customs and excise matters. As a result significant capacities of the authority are directed towards discussion and debate between state and citizens. Basically, every sovereign action of the Authority is administratively and legally verifiable. Germany has a well-developed employees' representation law and there is significant interest by politicians in individual questions about administration, which creates a considerable burden for the Authority in its practical work.
- Germany is a federal state. The Customs Authority is one of the few federal agencies which has representation nationwide, that

is, in each state. This has resulted in the Customs Authority receiving responsibility for a number of extensive federal tasks, which go beyond the traditional area of customs work.

Responsibility beyond traditional customs work

There are in essence five areas:

Enforcement of payments. The payment enforcement section of the Authority, with about 1200 employees, is used when payment demands of the Federal Government or of the Department of Social Security have not been met. Daily responsibilities include seizures of items and properties. In 1997 the Authority collected over 1 billion German Marks (about \$A1.05 billion) by payment enforcement.

Fight against illegal employment. This task was transferred to the Authority in 1991. Because of its nationwide representation, it has the appropriate infrastructure to fight illegal employment together with the Federal Institute of Labour. The Authority checks that employees, especially in construction and transport, are legally employed and insured. About 1000 officers work in mobile inspection teams.

Implementing market regulations. Market regulations in the EU are designed to implement a common agricultural policy. They



apply to important agricultural products such as grains, milk, sugar and beef. The Authority collects import duties on regulated goods imported from third-party countries and grants reimbursements on export from the EU. The Authority is also involved with inland implementation of market regulations. It pays, for example, production subsidies for sugar and starches, to balance out competitive advantages of suppliers from third-party countries. It also charges each milk producer in Germany, whose annual output exceeds the allocated yearly production limit with a levy on the guaranteed quantity. This is supposed to help stem excess milk production in the EU.

Federal collector of public monies. About 1500 staff members are employed on technical aspects of processing revenues and expenditure of the federal budget and keeping account records.

Monopoly on spirits. The German Government has a monopoly on distillation of spirits. About 500 officers of the Authority have the task of accepting the agriculturally based alcohol production of the Federal Republic, to purify and to market it.

After the Iron Curtain

Until the start of the Currency and Economic Union between the Federal Republic of Germany and the former German Democratic Republic on 1 July 1990, no customs and excise duties existed in the former GDR. Its customs authority principally controlled import and export licences within the framework of external trade, and adherence to restrictions and prohibitions covering postal services and holiday traffic. Duties were not raised.

With German reunification in October 1990, responsibility for implementing customs and excise legisla-

tion and other tasks in the former GDR was transferred to the German Federal Customs Authority.

About 7500 employees of the former GDR Customs Authority were immediately absorbed. Intensive training of these new staff members and a massive deployment of customs officers from the old federal states ensured that within a very short time the Authority was able to perform its duties in the new federal states. Today about 5500 customs officers of the former GDR are still employed with the Federal Customs Authority.

Liberalisation of holiday and goods traffic with Poland and the Czech Republic meant that cross-border traffic increased tenfold within a few years. The Authority was forced to look at ways to improve and speed up customs clearance process at the borders. This includes extended opening times, construction of customs offices at many new border crossings and an increase in the number of officers.

As a result of the need for savings in the federal budget the realisation of the 'Lean State' has become an important political goal. Since 1993, staff in the public service and thus also in the Authority are being reduced each year by 1 to 1.5 per cent. This has led to a tight organisational structure for the Authority.

Since 1993 more than 400 local customs offices were closed. The number of regional authorities, which are under the control of the Federal Ministry of Finance, was reduced from 21 to 8.

Improved use of information technology

An extensive and integrated network of information technology is being introduced, which will gradually replace various stand-alone IT solutions. On the basis of this new IT

network system local customs controls will become simpler and more successful.

Methods for managing and directing the Authority are being improved. We are working hard on introduction of an up-to-date Costs and Outputs Calculation Scheme. A pilot project to test it will be completed in 1999. From the experience gained the Authority will introduce the scheme nationally. This will create the basis for a controlling and management system at all levels of administration and allow cost-output comparison with other agencies in Germany and abroad.

The new information technology will greatly enhance the control function of the German Customs Authority. Cornerstone of the new system will be a centre for risk analysis employing about 50 customs officers. The centre will analyse information from customs offices (for example customs declarations) to recognise risks in import, export and transit of goods, assess these risks, establish risk profiles and update them regularly.

From the risk profiles, risk parameters will be set in the IT system so that, for example, if a customs declaration matches the parameters, a 'hit' notification will come up automatically on the monitor of the processing customs officer. The officer will call up further information such as the degree of risk, the area of risk (such as excise tax), a summary of facts which contributed

to the risk profile, recommended action (such as inspection), and further background information. The new system will allow officers to concentrate inspection activity on cases with a high probability of irregularity.

In Hamburg in 1996, the Authority started operating one of the most modern container inspection facilities in the world. The exceptional successes of this controlling device more than paid for the investment outlay within a very short time. It has helped to seize more than 550 kilograms of narcotics, 50 million smuggled cigarettes and 43 500 litres of smuggled alcohol. The cost of 35 million Marks (about \$A36.75 million) compares favourably with the economic benefit of 190 million Marks (about \$A200 million) derived from successful seizures.

With the German Customs Authority's current far-reaching modernisation and internationalisation, cooperation with customs authorities of other countries plays an important role in its daily work. Great changes for the Authority will result from the so-called 'eastern expansion' of the EU. Negotiations and discussions are taking place between the EU and 12 new-membership candidate nations. They are working hard to bring their customs processing and performance into line with the standard of the customs authorities of EU member states. They receive strong support in their endeavours from the EU customs authorities.

