



EU Customs Reform Proposal

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1. Customs in times of Global Change

a **Customs Union** perspective

Many challenges are global – experienced to some extent by any customs administration...

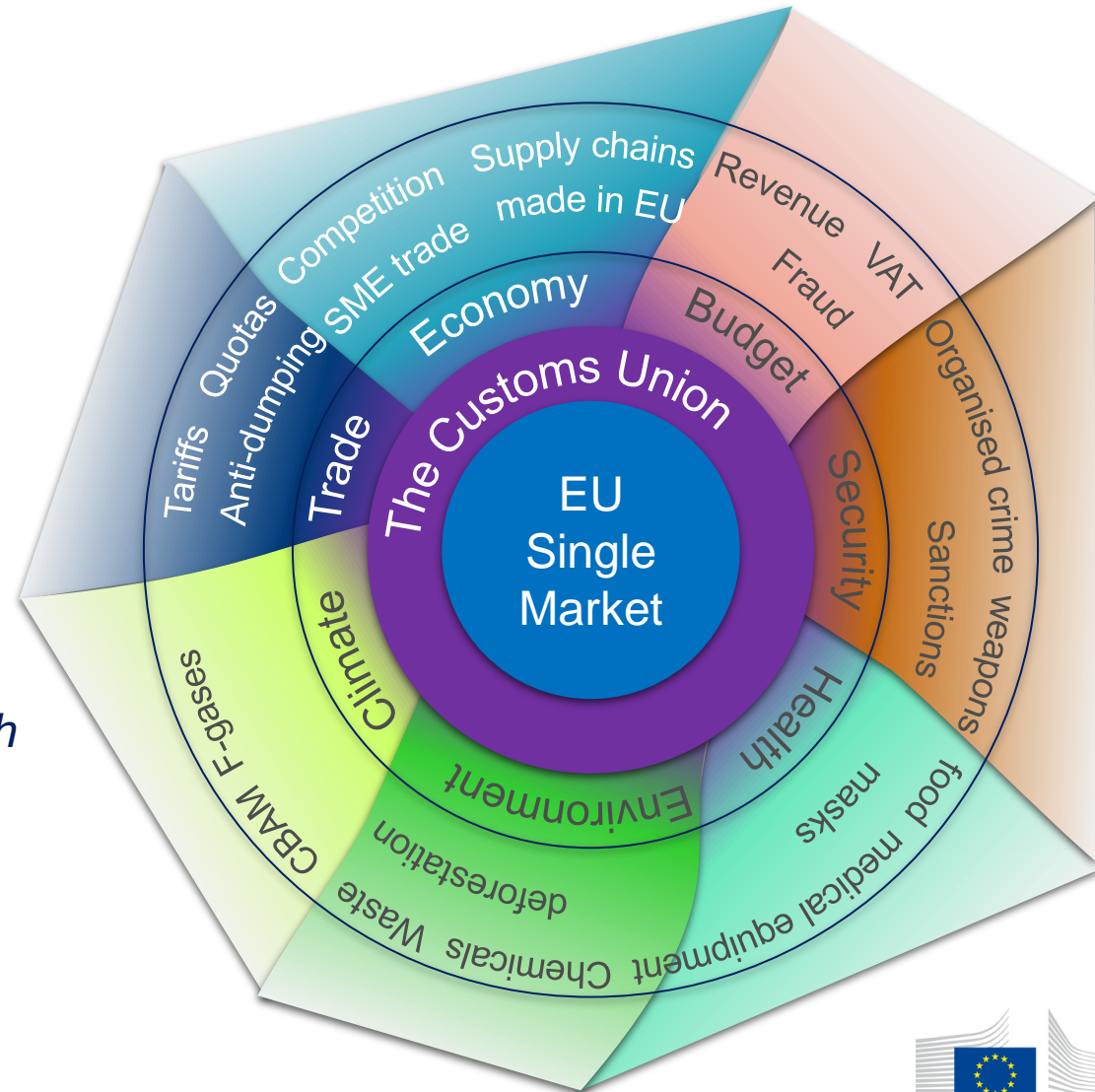
... and some challenges are more specific: what it takes to run a Customs Union.



The importance of the customs union for the EU

- EU Customs enforce a wide range of financial and non-financial rules.
- EU Customs are the guardians of the Single Market.
- EU Customs must cooperate closely with other authorities.

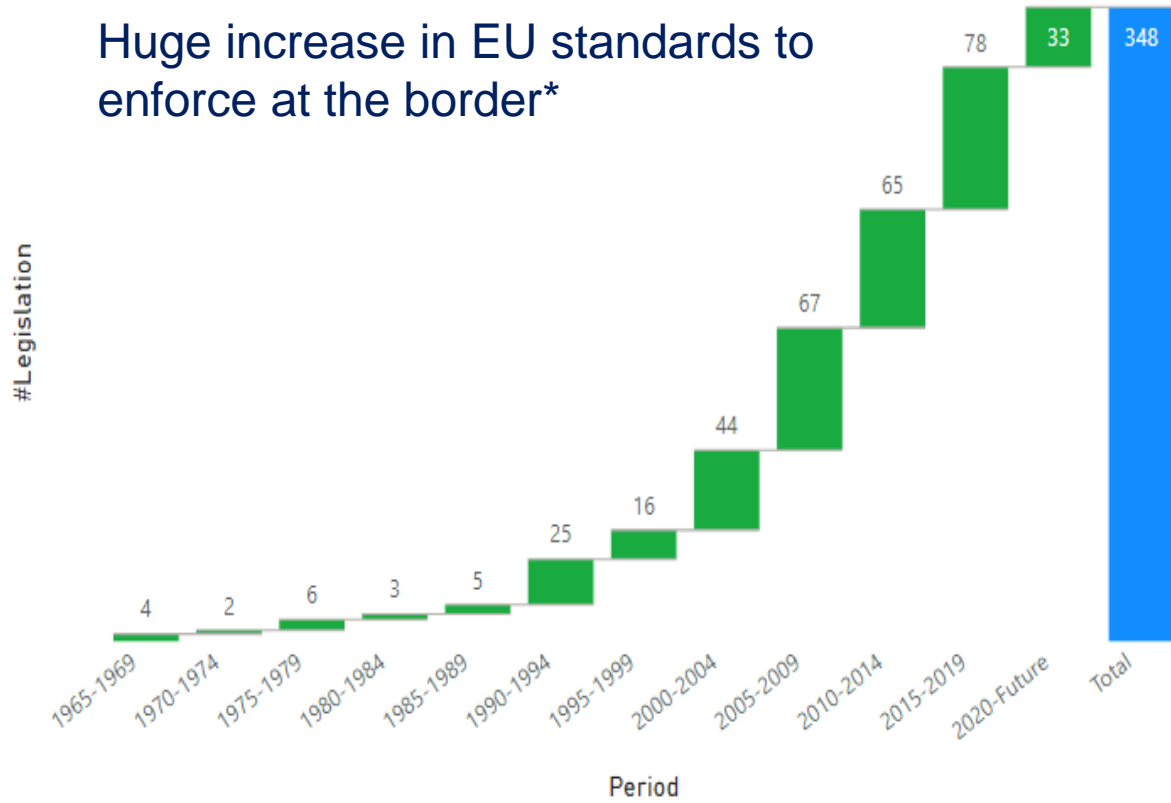
The capacity to control and enforce which goods enter and leave the EU Customs Union is of strategic importance.



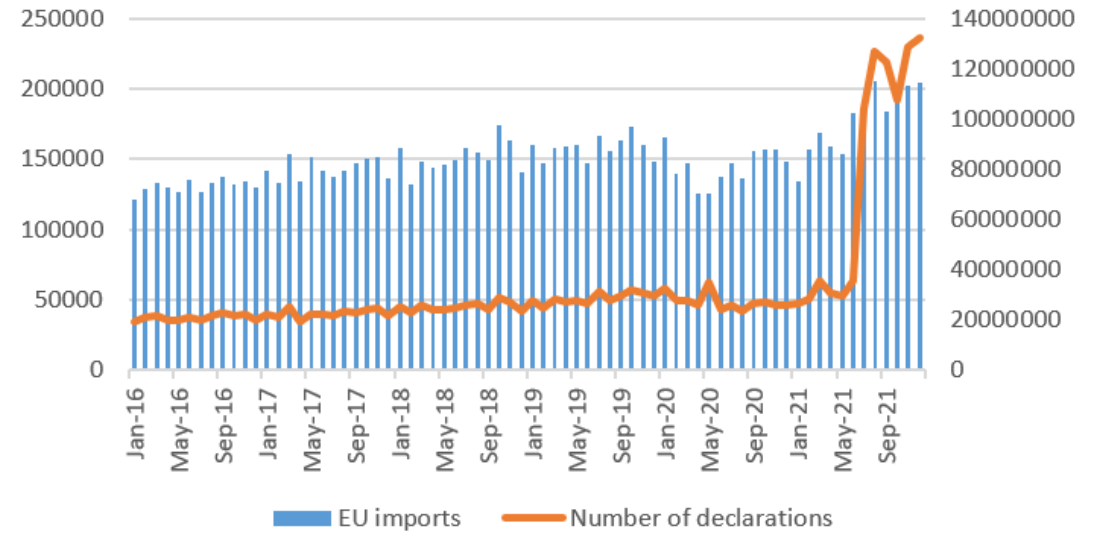


1 billion declarations per year only in e-commerce

Huge increase in EU standards to enforce at the border*



More and more items declared:



*Recent examples: Deforestation, Digital Product Passport / Ecodesign, Product Safety directive, Firearms, Digital Services Act



It is time to take the Customs Union to the next level, equipping it with a stronger framework that will allow us to better protect our citizens and our single market.

I will propose a bold package for an integrated European approach to reinforce customs risk management and support effective controls by the Member States.

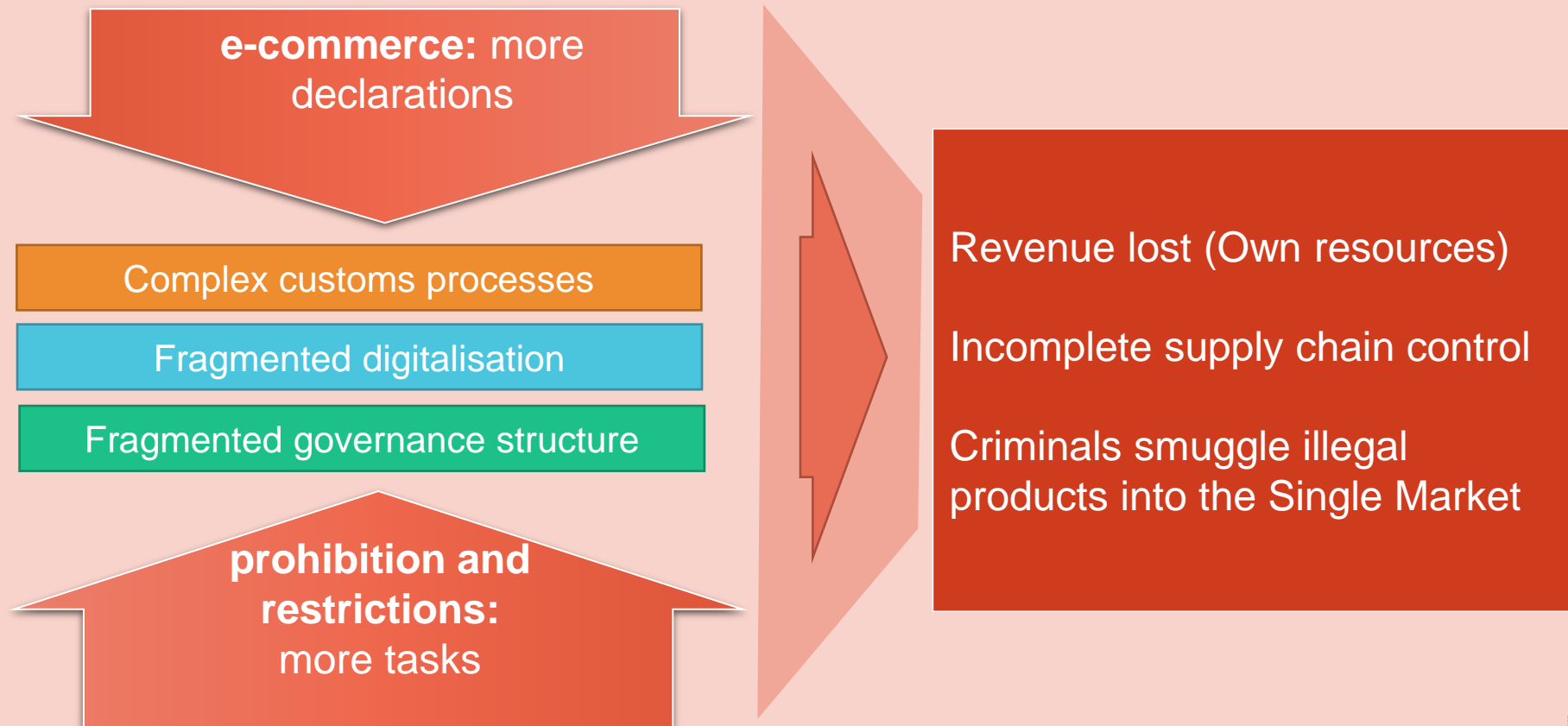
political guidelines, Nov 2019

2. Customs Reform proposal



EU Customs reform – understanding our challenge

Customs in a changing world



What do we propose to do?

Simpler Customs Union

Reinforcing objectives

Stronger Customs Union

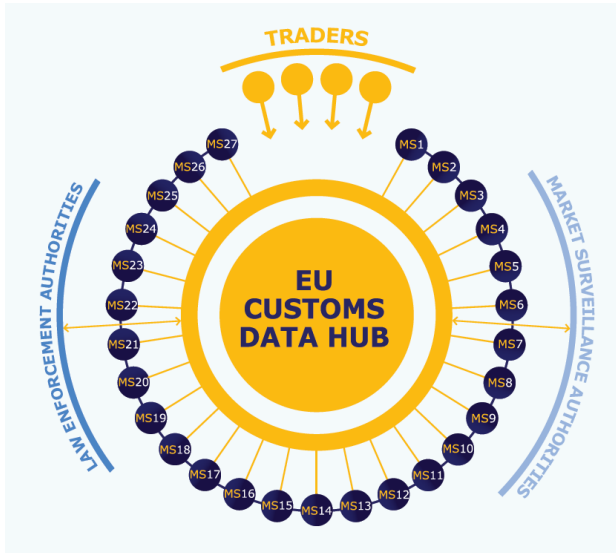
Reduced compliance costs through simpler procedures

Tailor-made e-commerce regime

Better protection of Single Market due to EU risk management

Create a true Customs UNION – acting as one across the external border

Key enablers



A new partnership with businesses

Today:

Businesses need to deal with...
...up to 27 national Customs administrations
...complex procedures, unclear responsibilities
...multiple interfaces and 111 separate IT systems

Reform:

- ✓ Simpler procedures with clear responsibilities
- ✓ Customs data to only one EU-level interface
- ✓ Trust & Check system with green lanes for particularly reliable traders
- ✓ Customs one-stop-shop for operations in EU27



Tailor-made e-commerce regime

Simple
Transparent
Efficient

Today:

Since 2021, drastic increase of customs declarations in e-commerce* (more than 1 billion super-reduced declarations in 2022) without effective controls:

- High proportion of the e-commerce consignments are undervalued → revenue loss
- Traders split consignments into smaller batches → negative environmental impact.
- 66% of products purchased online are not meeting EU safety requirements → citizens are not protected



Reform:

- ✓ Large platforms will be responsible to ensure compliance with EU rules (financial and non-financial)
- ✓ Consumers will be freed from compliance burden and protected from unpleasant surprises, like unexpected costs and burdensome customs formalities.
- ✓ The EU Customs Data Hub facilitates processing of declarations, helping customs and platforms to absorb the compliance burden.

A (voluntary) 4-tier bucketing system to simplify calculation of duties:

- ✓ 5% (e.g. for toys, games, houseware articles),
- ✓ 8% (e.g. for silk products, carpets, glassware),
- ✓ 12% (e.g. for cutlery, electrical machinery) and
- ✓ 17% (e.g. for footwear).
- ✓ Goods having a 0% duty rate currently will continue to benefit from zero duties.

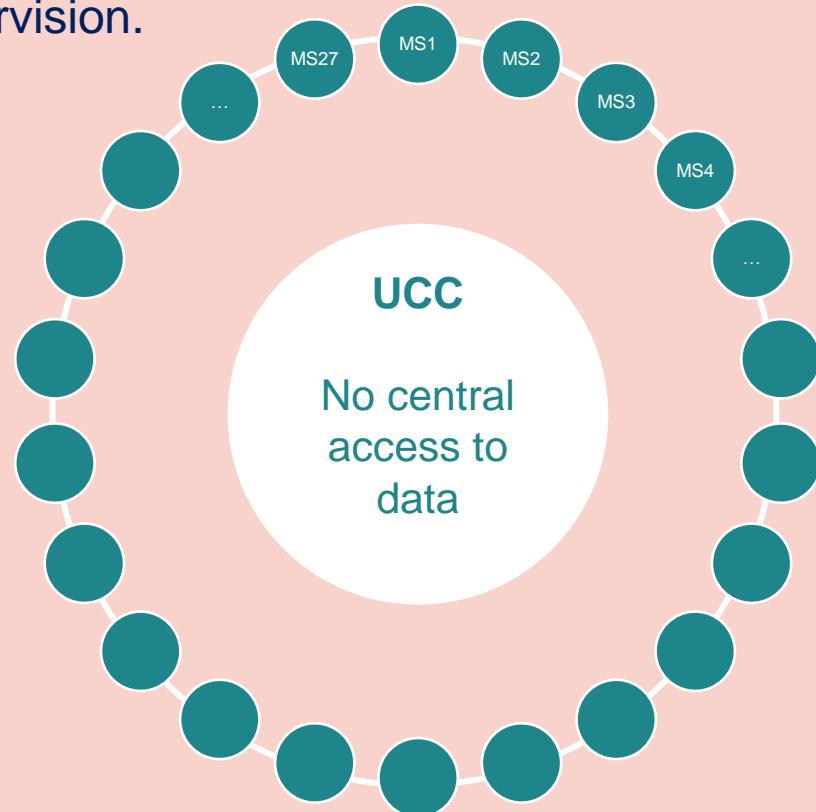
*VAT applies to all goods and as a result, goods below 150€ must be declared to customs, despite being exempt from customs duties.

EU Customs Data Hub

Today:

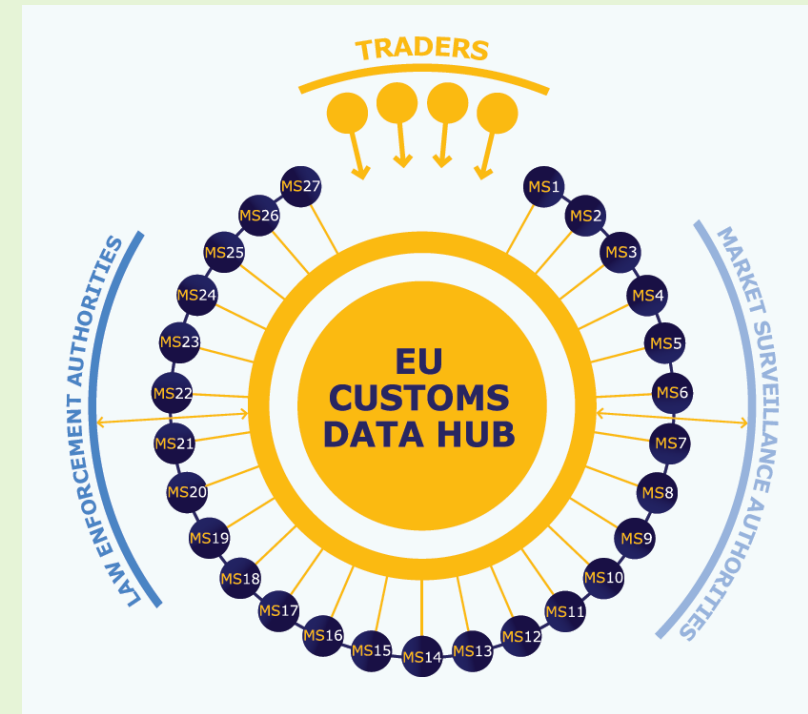
111 separate IT systems across 27 Member States.

No central database, **no** common supply chain supervision.

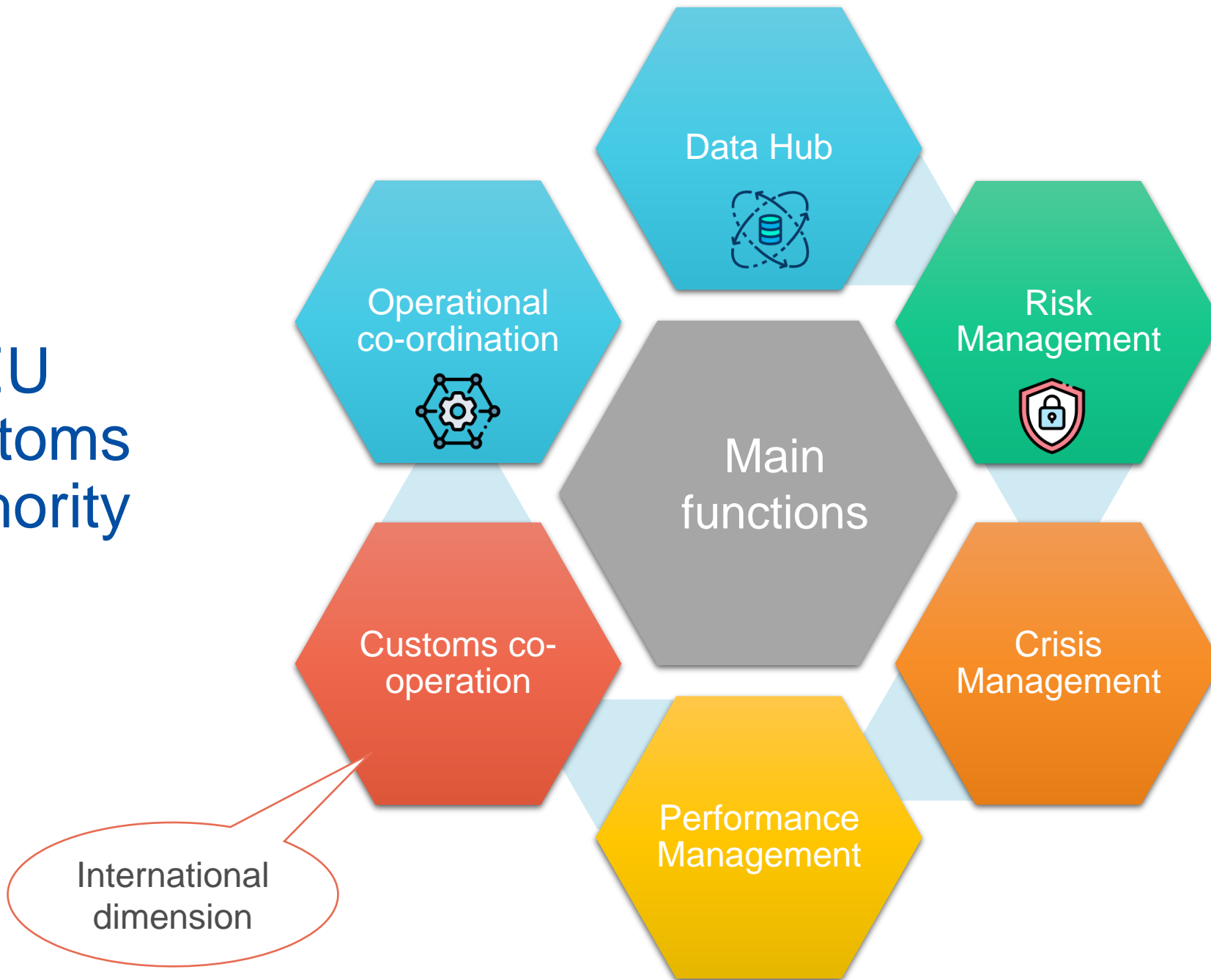


Reform:

Central Customs Data Hub – **full supervision** on what comes in and goes out.



EU Customs Authority



3. What next?

What next?

2023

- **Customs reform proposal**

2028

- **EU Customs Authority** assumes its tasks, notably EU risk management
- Tailor-made **customs e-commerce regime** starts applying
- **EU Customs Data Hub** starts limited to e-commerce

2032

- **“Trust & Check traders”** start using the EU Customs Data Hub
- Other traders may also start using the Data Hub on a voluntary basis

2038

- Use of EU Customs Data Hub will be mandatory for all traders