



EU Customs Reform

CDG AGRICULTURAL MARKETS

20th November 2023

Disclaimer: This presentation is intended to help support the meeting participants in their general understanding. It is of course without prejudice to the text of the proposals and to specific factual scenarios.

Contents

- Why reform? Key concepts, and what's in the package.
- A closer look
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Why?

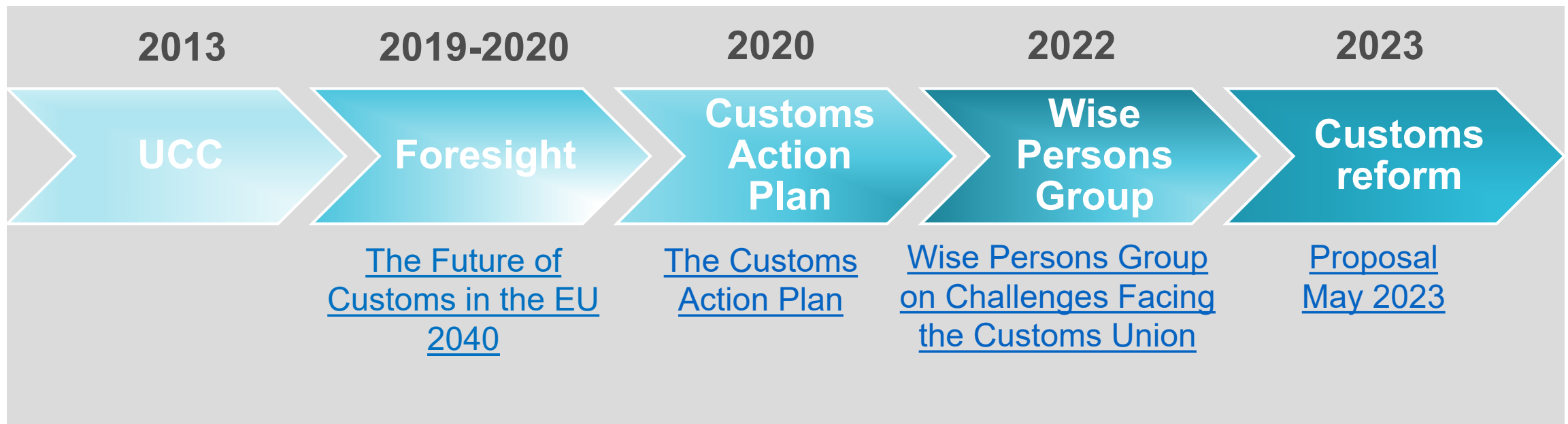
Road to the reform



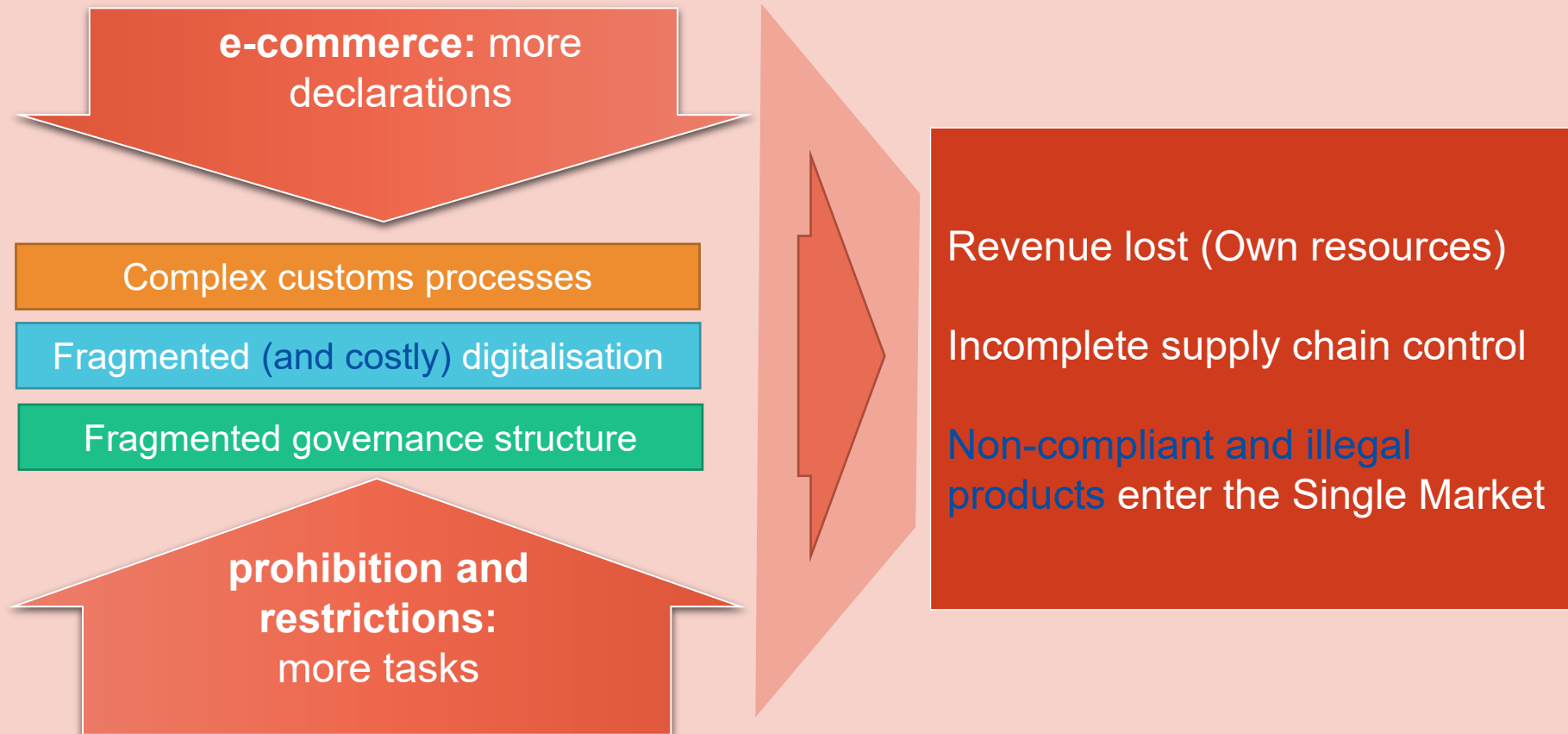
*It is time to **take the Customs Union to the next level**, equipping it with a stronger framework that will allow us to better protect our citizens and our single market.*

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

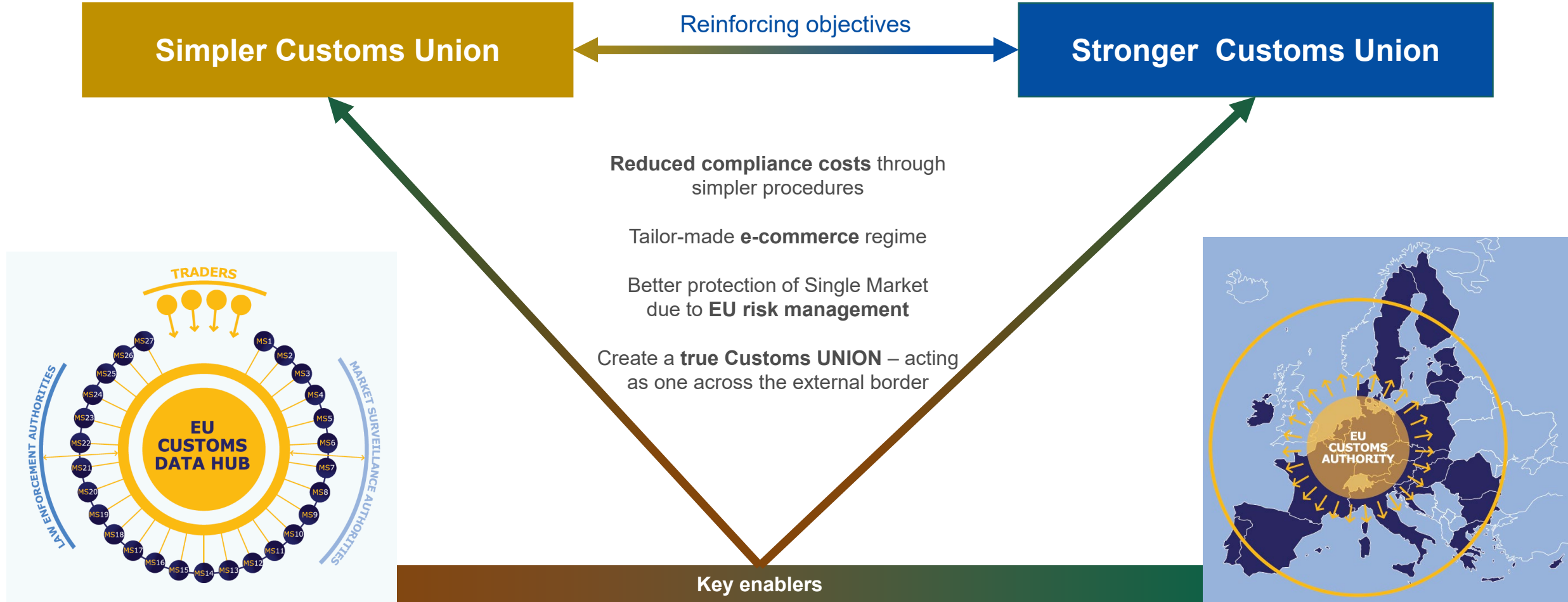
Political guidelines, Nov 2019



Customs: Guardians of single market and supply chain security. Fundamental for competitiveness, sustainability, resilience in a challenging geopolitical context. Need to act as one. What is the problem?



Reform pillars



Policy value in numbers... Impact assessment estimates

Revenue goes up, costs go down

Today:

- Customs collect **EUR 80 billion** annually: 24 billion Customs duties, of which **EUR 18 billion** Own resources, and **EUR 55 billion** in excise duties and VAT – but much is lost due to Customs fraud and undervaluation.
- Member States develop and maintain 111 separate IT systems – not cost-efficient.
- No customs duty below **EUR 150** threshold.



Reform:

- 1 Single Data system – savings for Member States and EU budget of **EUR 1-2 billion** per year.
- Estimated reduction of compliance costs for traders of more than **EUR 2 billion** per year
- E-commerce: additional **1-2 billion** per year from e-commerce (2021 VAT e-commerce reform already brings EUR 1.5 billion)
- Closing Customs Gap – **several billions** per year.
- Helping to tackle VAT fraud, currently **EUR 50 billion** per year.



Policy value - strategic perspective

A step-change our ability to protect against unfair competition and consumer harm from non-compliant goods... and to simplify legitimate trade.

E-commerce - level playing field

Crisis readiness



RAPEX A12/01758/21

Internal Market

Help enforce our common policies

- *Market Surveillance*
- *Product Safety, Ecodesign...*
- *Digital Services Act*
- *Forced Labour*
- ...



RAPEX A12/02316/23

Quicker, better, more efficient

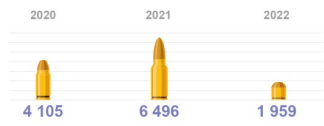
Strategic supplies

Supply chain security

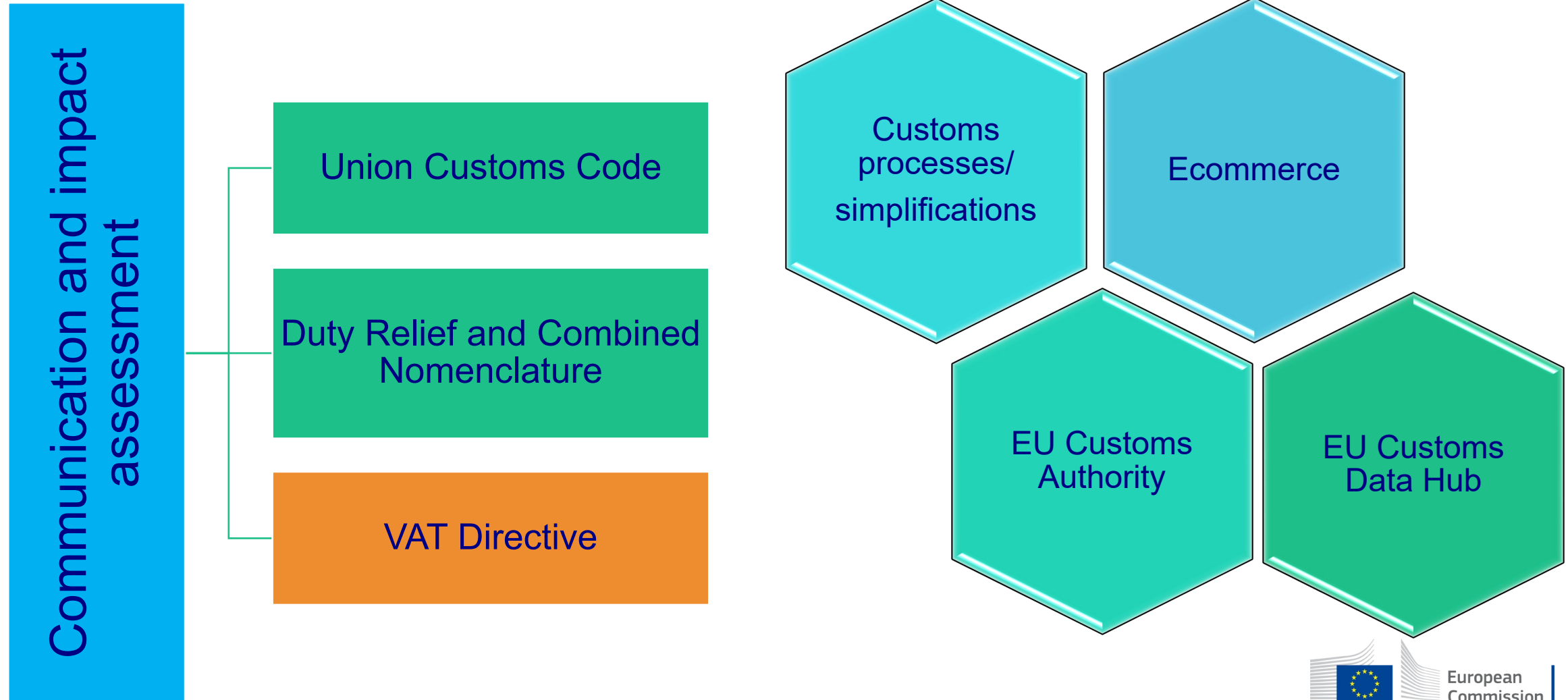
“Bomb in a box”

Better targeting and location of controls → less disruption for legitimate trade

Illicit trade



What's in the package? Legal and building blocks



A closer look:

Simpler customs processes

Customs processes: 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

Multiple actors (carrier, temporary storage declarant, transit declarant, CD declarant, importer)

AEO complain about limited benefits

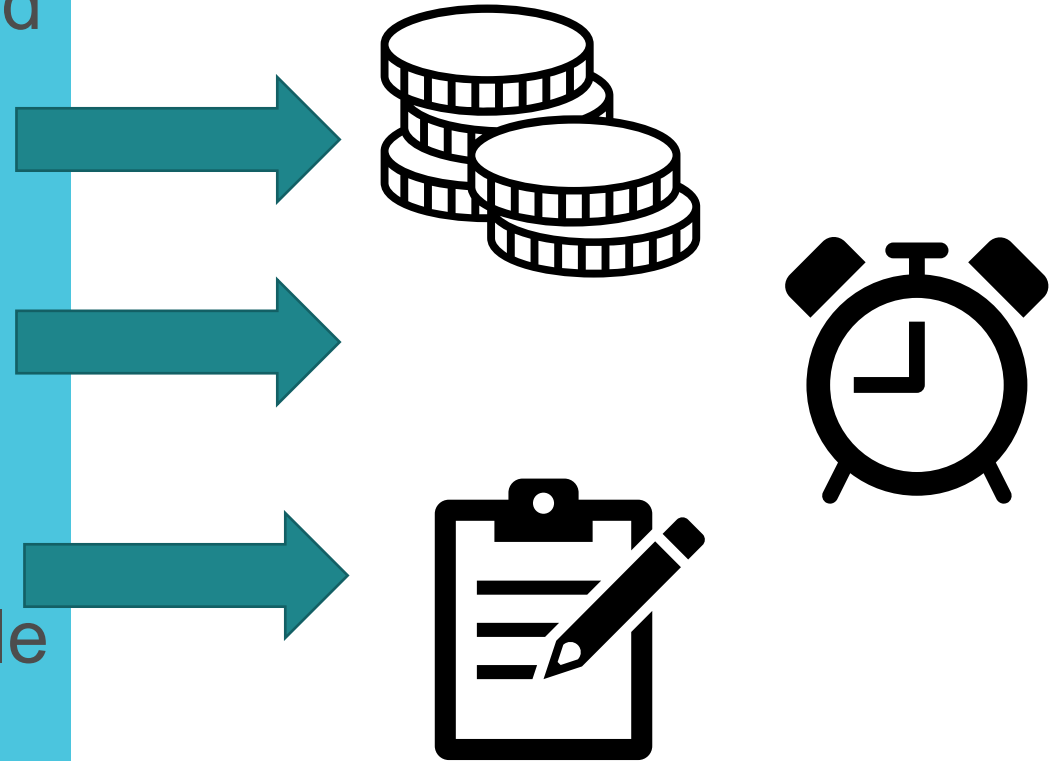


Reform:

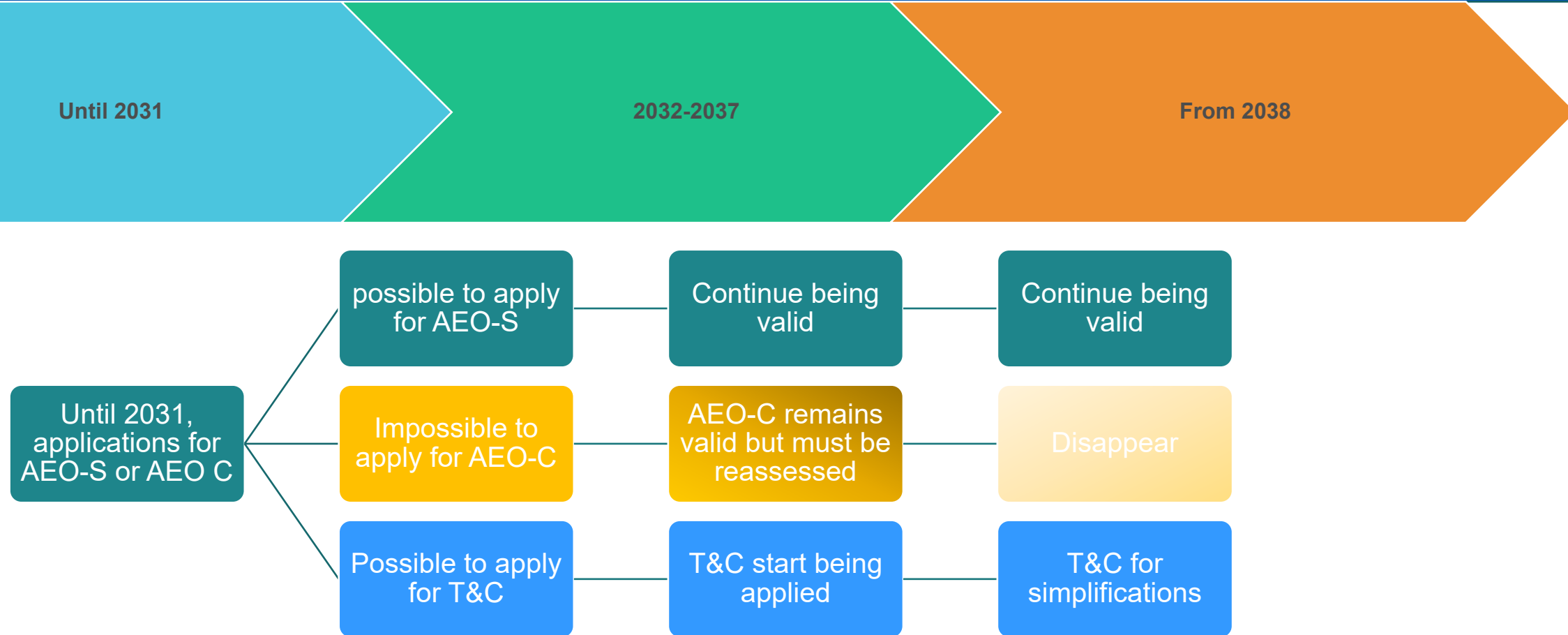
- ✓ Simpler procedures with less steps
- ✓ Clear responsibilities for players
- ✓ Customs data to only one EU-level interface
- ✓ **Trust & Check** system with green lanes for particularly reliable traders.

Trust and Check traders – partnership benefits

- ✓ All transactions of T&C managed by MS of establishment by default
- ✓ Release on behalf of customs does not require customs intervention
- ✓ Self-calculation of duty is the rule
- ✓ No obligation to place in transit from entry MS to destination MS



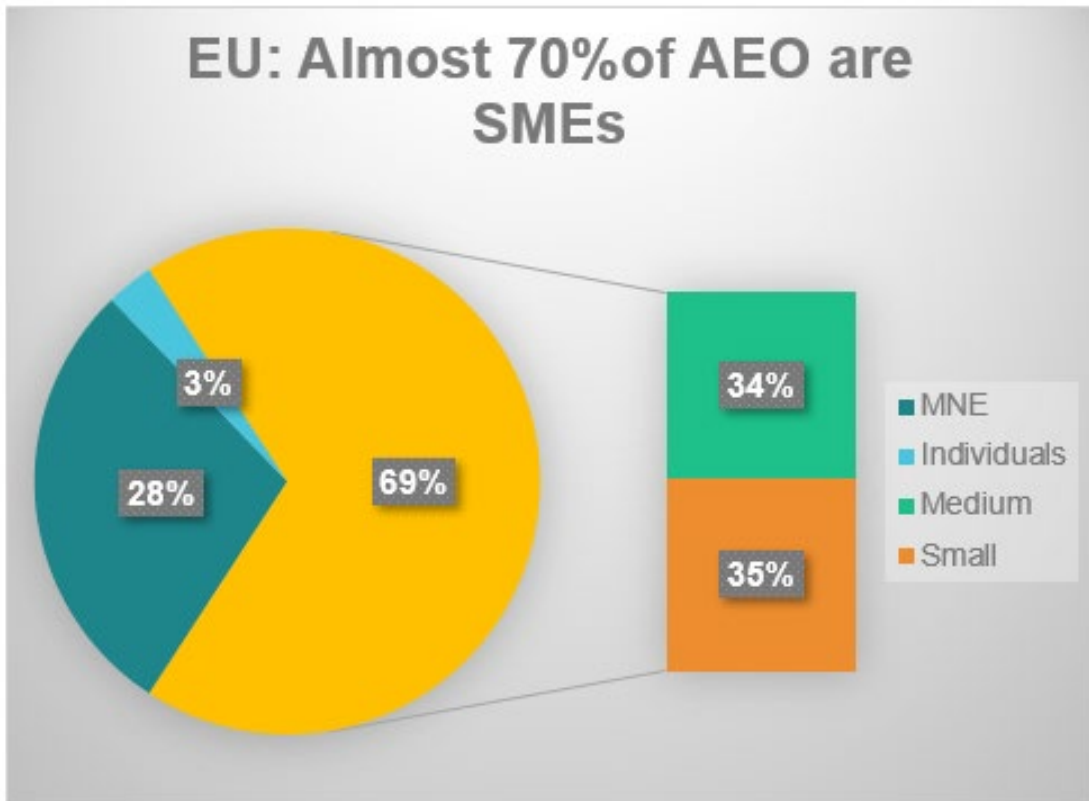
AEO to Trust and Check– transition



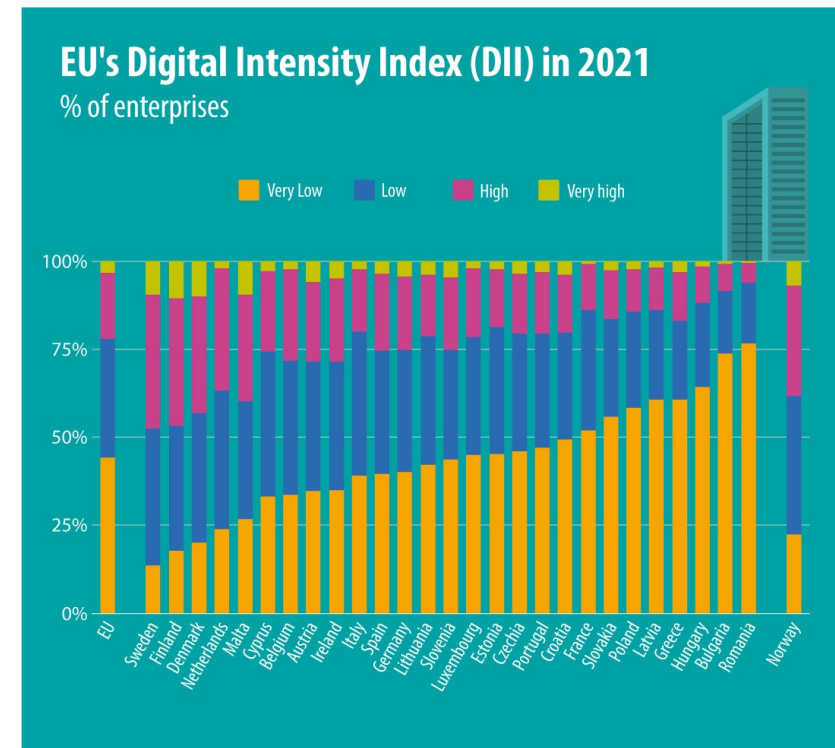
UCC benefits for AEO v reform benefits for T&C

- | | |
|---|---|
| 1. Authorisation needed to file declarations in MS of establishment | 1. MS of establishment responsible by default |
| 2. CC requires agreement by other MS and defining the perimeter | 2. All transactions of T&C managed by MS of establishment |
| 3. EiDR might still require customs intervention for release | 3. Release on behalf of customs does not require customs intervention |
| 4. Self-calculation of duties is only theoretical | 4. Self-calculation is the rule |
| 5. Transit still needed | 5. No obligation to place in transit from entry to destination MS within the EU customs territory |

What about SMEs?



According to Eurostat, 56% of SMEs in the EU are digital. By 2030, **90% of SMEs** should reach at least a basic level of digital intensity



ec.europa.eu/eurostat

Reform makes it easier for SMEs to do customs – and to trade:

- ❑ Simple applications in the Hub to account for duties EU-wide with each customs authority. Can still use an agent if they want
- ❑ SMEs and “Trust and Check”:
 - ✓ Deal with import and export processes and duties locally with “home” customs in local language (place of establishment) regardless of where the goods cross the EU borders.
 - ✓ Seen as a “low-risk” customs client for their carriers (who don’t have to make transit guarantees for them) and for customs
 - ✓ Proportionate: the more you trade, the more you benefit. SMEs know their goods.

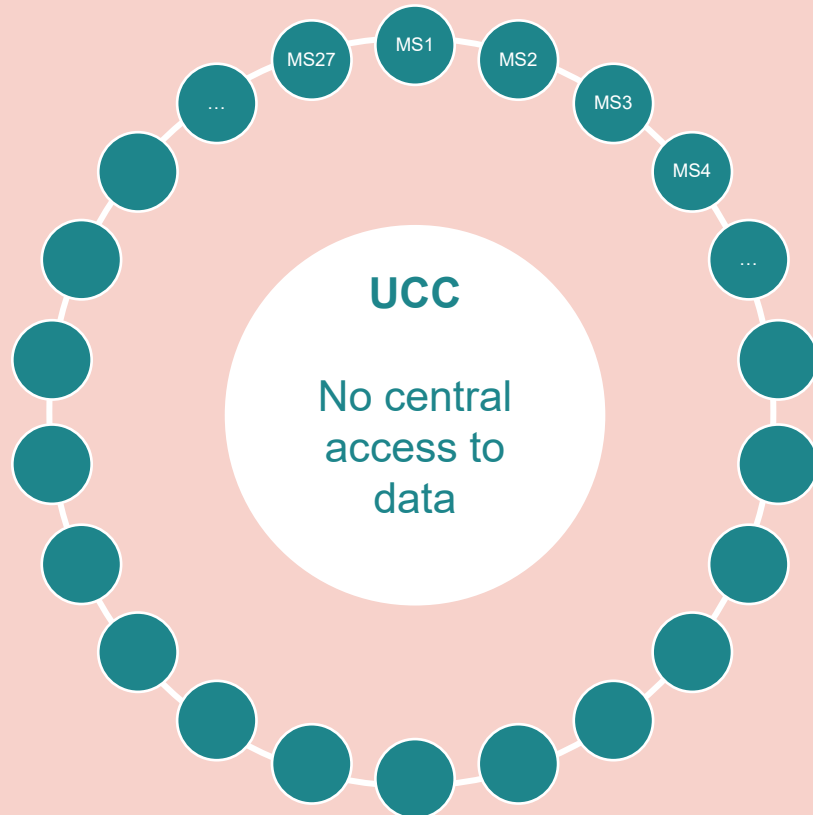
A closer look: EU Customs Data Hub

EU Customs Data Hub

Today:

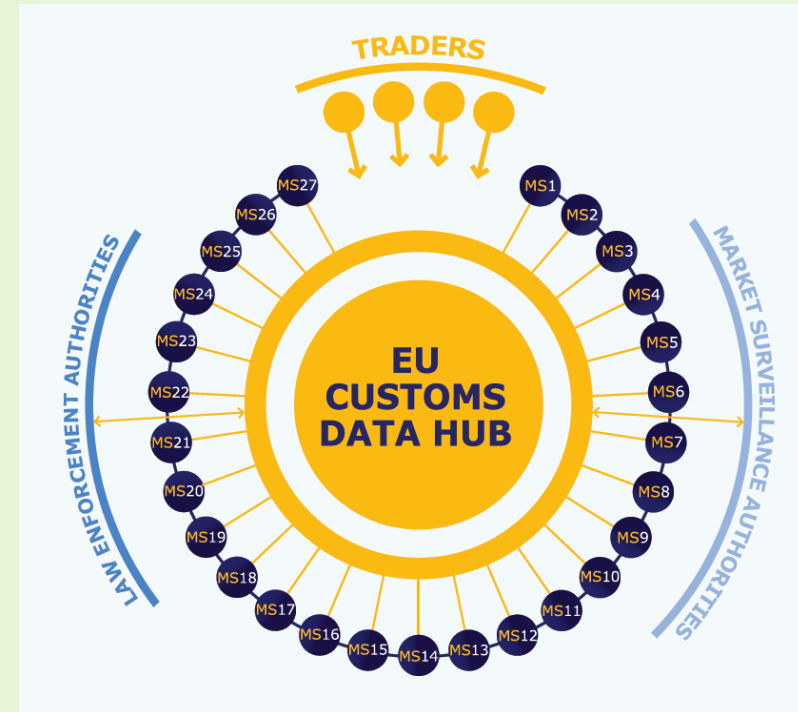
111 separate IT systems across **27** Member States.

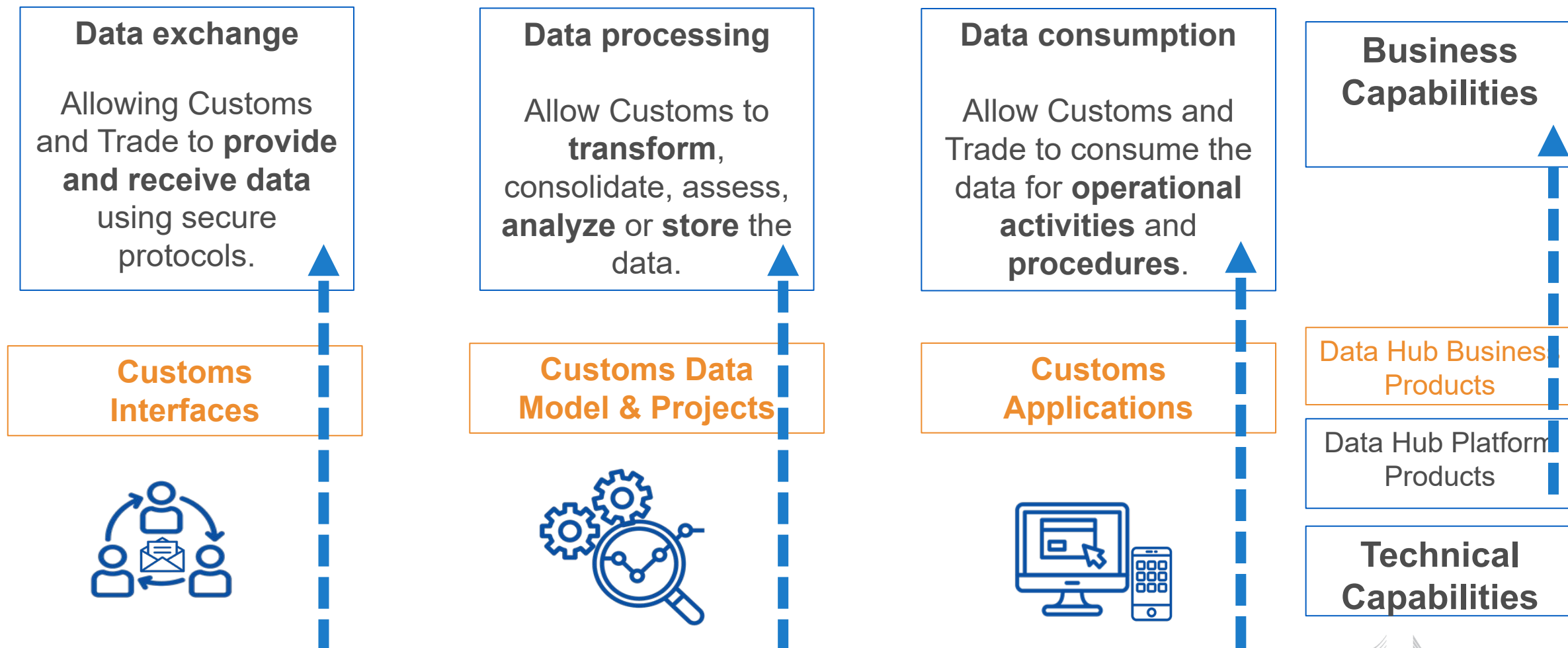
No central database, **no** common supply chain supervision.



Reform:

Central Customs Data Hub. Flexible connection (SME friendly) to simpler common EU processes. Cheaper and quicker to build and improve. Enables EU risk management. Granular control of who uses what data, why (GDPR by design).





Practical view – trade perspective

TRADE

Give data you have on events you manage.

Carriers → transport data/notifications

Importers → commercial data

Flexible options – for example:



SMEs



Data Portal



Large filers



Message Channel



Trust and
Check



Push/Pull

EU Customs Authority

Builds the service apps and interoperabilities.

Connects you to customs

Manages security, data protection, confidentiality

EU Customs Data Hub

Enables simpler processes, and links and re-uses the data to lighten your load

Accounts – manage your customs business and duties, configure your privileges

Single Window integration

Member States

Supervision
and
Decisions

A closer look:

EU Customs Authority

**Trade continues to work with
MS not with EUCA!**

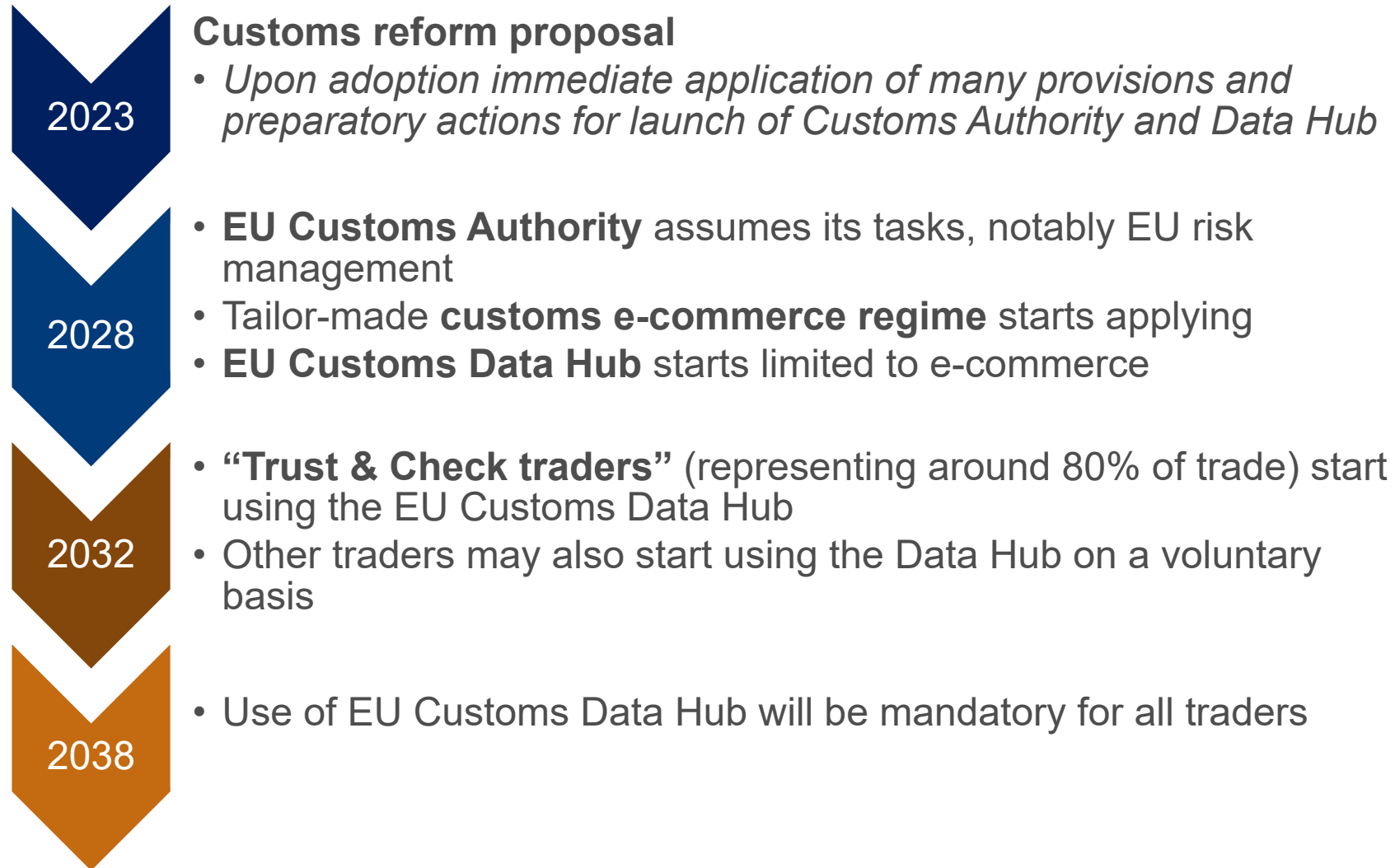


EUCA and Operational co-ordination



Timeline

Timeline



Working method for creating the Data Hub and managing the transition

