

## JOINT INDUSTRY AND TRADE STATEMENT ON THE EU CUSTOMS REFORM

The trade associations listed below support the concept of the EU Customs Reform. The European Commission's Political Guidelines and strategic priorities, informed by the Draghi report, highlight the imperative for Europe to enhance both its competitiveness and its security. Both are intertwined at the border. Getting EU Customs Reform right has never been so important or so urgent. The EU customs reform should ensure that the external border facilitates trade and functions as a conduit for competitiveness while preventing economic inefficiencies. Smart customs reform must increase the EU's security and protect its citizens without compromising legitimate trade. These goals can only be achieved with a customs union that is modern, acting as one and in partnership with the private sector.

In order to have the new customs legislation work effectively for both customs as well as for trade, we recommend the following.

### **1. Completion of the current Union Custom Code [UCC] legislation**

The current legislation was implemented in 2016 and must be executed by December 31, 2025, according to Article 278 of the UCC.

The legislation contains elements that are beneficial for the economy, like centralized clearance and entry into the declarant's record. These concepts require the IT systems of the European Commission and the Member States to work effectively. Trade relies on these systems to function seamlessly and seeks to benefit from them for years to come.

Several Member States have announced that they will not be ready with the required IT developments to meet the legally mandated deadline of December 31, 2025.

We request the Commission to submit a realistic planning, ensuring that the IT systems are fully deployed and that customs rules across all EU27 Member States are uniformly applied in a digital environment.

### **2. The EU Customs Data Hub and future customs related IT developments**

We endorse the concept of a centralized EU Customs Data Hub, which aims to simplify and harmonize data submission across Member States via a single-entry point, thereby reducing administrative burdens and costs associated with varying national systems. The goal should be a balanced Hub that improves customs efficiency, removes data duplication, and provides accessibility for all actors while safeguarding business interests, particularly those of SMEs. The security of data, especially business sensitive information, should be a key priority of the EU Customs Data Hub. The current trend of continually increasing data requirements by the Commission and customs authorities should be carefully reconsidered to avoid further challenges. Data requirements in the EU Customs Data Hub must correspond to the logistical processes in companies.

To truly benefit from the lessons learned from the shortcomings in the implementation of the UCC Work Program and to address the ongoing challenges posed by the Commission's centralized Shared Trader Interface—marked by repeated delays and unavailability, which have created uncertainty for businesses, disrupted planning, and increased costs—we request an external assessment of the EU Customs Data Hub, notably on its the feasibility, effectiveness, data protection and impact on businesses.

Additionally, the UCC IT system should support digital interoperability with other global customs systems (e.g. eTir, eATA) to maintain and build on existing best practices in customs operations.

For as long as the existing UCC IT systems remain in operation, the current legal basis – amended where required should remain in force to provide legal certainty.

To keep European trade competitive, European Customs Systems must proactively adopt the latest technologies moving beyond a reactive stance of retrospective over-regulation. Legislators should ensure that any IT-related elements of new customs legislation are designed for swift updates in both system processes and technology. We must end the practice of missing out on technological developments simply because amending legislation is too challenging.

Finally, the undersigned associations would like to underline that, in a context where the Data Hub will serve as the single centralized IT Customs environment, the availability and performance of the system is crucial as disruptions could significantly affect the economy. Taking adequate measures in the fields of (cyber)security and contingency planning is therefore key in order to prevent downtime and allow supply chains to continue to function in case of disruptions.

### **3. The EU Customs Authority**

The European Customs Authority (EUCA) should aim to provide harmonized application of customs regulations across Member States. This would create legal certainty and reduce the risks associated with varying national customs practices, making it easier for companies to operate in multiple EU countries.

Furthermore, the Authority should reduce administrative burdens, facilitate trade, and prioritize user-friendly, efficient procedures.

Compliant and reliable businesses (such as AEOs), having profound knowledge of international supply chains and global trade, should be seen as partners to the customs authorities in achieving their goals. We see a substantial opportunity for trade and businesses associations to contribute to the work of the EUCA and its working bodies in the future. They should be allowed to interact with the EU Customs Authority by submitting requests for clarification or expressing their own positions on the uniform interpretation and application of the EU customs law.

In the interests of transparency, interested parties should be given an opportunity to effectively participate in the Customs Advisory Board or any other consultation bodies of the EU Customs Authority.

### **4. Trust and Check Trader**

Impacted associations welcome the idea of a “Trust and Check Trader” status, which aims to offer trusted traders streamlined customs processes and reduced checks. It is a step toward encouraging compliance while rewarding low-risk traders with more efficient customs procedures. Yet so far, the proposed advantages of a Trust & Check Trader are rather limited and, apart from the possibility of self-assessment, are available to any economic operator under the current customs legislation.

In order to make the “Trust and Check Trader” status work, SMEs should receive targeted capacity-building support, such as training and resources from the EU Customs Authority and national Customs Authorities, to enable them to qualify for the Trust & Check trader status.

To enable EU traders to continue benefiting from the WCO’s global AEO program, the AEO terminology and structure should be retained. Rather than replacing AEOC, additional variations could be introduced with further facilitations tailored to different supply chain actors. The AEO C status is a tried-and-tested, internationally agreed and recognized certification that provides significant trade facilitation benefits, and it’s essential for minimizing customs disruptions for compliant traders.

By linking all future facilitations to a single status, the reform would effectively exclude the majority of European companies, especially SMEs, from customs facilitations. A tiered AEO system would enable

safe trade facilitation through intermediaries, whilst also allowing importers to opt for full control of their customs operations.

As the UCC reform provides a vital opportunity to boost European businesses' competitiveness by introducing streamlined, business-friendly customs processes that ensure smooth and predictable operations, it is essential to fulfil the long-promised, yet still undelivered, benefits for AEOs and enforce uniform application across Member States. This will simplify procedures and create a level playing field within the Single Market and enhance predictability for businesses. It will also enhance predictability for businesses, improve compliance with ever more complex customs rules, and facilitate effective enforcement by the authorities.

#### **5. Ownership of data and the linked responsibility is a key element in the changed environment.**

The Commission's proposed approach, where information is submitted to the data hub by the party that generates it as part of their regular business activities and role in the supply chain, will result in carriers and intermediaries being responsible for a more restricted set of data.

In the role of the customs representative, information is provided to the representative, who however can only cover limited responsibility, namely on the fiscal risk, but not on the non-fiscal part of the relevant requirements. Customs representatives usually depend on the accuracy of the information provided by their customers, which are usually the shippers.

This is also the case for any party providing information to customs on behalf of another party. Parties should not be held liable for the accuracy and completeness of information they provide to authorities in good faith on behalf of others, but do not generate in the course of their own business.

The proposal to make the indirect customs representative responsible for fiscal and non-fiscal obligations results in a disproportionate transfer of non-financial risks to that indirect customs representative and puts an unmanageable risk on legitimate operators. Including this obligation in the customs code creates legal uncertainty for importing products subject to other product-related legislation. When such legislation permits authorized representatives to fulfil non-fiscal obligations, it becomes unclear which legislation takes precedence. We therefore propose that the Customs Code aligns with the liability provisions of regulations primarily governing the importation of given goods, limiting its own mandate to fiscal responsibilities and in its text clearly prioritizing the non-fiscal compliance framework of the relevant product-related regulations. For products without provisions for an authorized non-fiscal representative in other regulations, we recommend that the Customs Code permit the appointment of such an expert representative, distinct from the indirect customs representative.

There should be a possibility for the importer to have the option to nominate various 'representatives' with regard to the fulfilment of their obligations. This will allow them to not only engage a customs representative for customs (fiscal) obligations but also other expert parties for non-fiscal obligations.

Therefore, the conditions under which a customs representative and any other 'authorized representative' may provide services in the customs territory should be determined in the legislative text. Indirect customs representatives should not be made responsible for compliance with all non-fiscal requirements.

Making parties responsible for the accuracy of data that they cannot themselves verify is not going to improve the accuracy and the quality of the data, and of compliance in general. Responsible operators will refuse to take this liability, the risk being too high. Trade will go to not-so-responsible operators, who will accept risk they should not. The level of compliance under such a system will degrade, not improve.

## **6. Customs Infringements and Sanctions**

The harmonization of customs infringements and non-criminal sanctions is vital for uniform enforcement of customs laws across EU Member States. However, this should be done keeping in mind the following important considerations:

- Limited Application of Sanctions: Sanctions should apply only in cases of obvious negligence or intentional infringements, avoiding strict liability, which is both unjustified and goes against the current legislation in most Member States.
- Prosecution of Serious Cases Only: Criminal prosecution should be reserved for the most serious infringements involving negligence or intent. Some Member States prosecute all infringements criminally and impose excessive fines, undermining the three-year time limit for retrospective duty collection, which creates unfair disadvantages for the economic operators located in those Member States.
- Distinction Between Sanctions: A clear separation between administrative and criminal sanctions is necessary. Less serious infringements should incur administrative penalties, while criminal sanctions should apply only to severe cases.
- Comprehensive Harmonization: Harmonizing customs infringements must also involve harmonizing procedural rules, including customs audits, decision-making, and defence rights. Divergent audit processes across Member States distort the market and undermine effective harmonization.
- Proportionality: It is essential to ensure proportionality between the offense and the penalty, allowing the national customs authority discretion regarding the imposition of the penalty.
- Fairer definitions of liability: the UCC reform should establish clearer distinctions in liability, particularly between those who provide information which they generate in the course of their business and those that relay on behalf of others.

## **7. Temporary storage**

The undersigned associations welcome the European Parliament's position in favour of maintaining the time limit for temporary storage at 90 days. A sufficient time limit is crucial in order to prevent operational inefficiencies and unnecessary administrative burdens in ports, allow shippers to effectively manage their supply chains and for the maritime hub and spoke model to function, which is vital to both EU importers and exporters, maritime carriers and the competitive position of EU transshipment ports. We look forward to the full endorsement of this approach by the EU Council.

We would, however, like to call attention to other elements related to the temporary storage of goods, such as the absence of provisions on, for example, authorizations to operate temporary storage facilities and the movement of goods between them, which creates significant legal uncertainty. It is critical that parties involved in the temporary storage process – such as carriers or other economic operators – are not required to assume fiscal or non-fiscal liabilities or responsibilities that they are not able to fulfil, including the transshipment cargo where there is no EU importer. These aspects should be discussed with trade before the UCC reform is concluded to ensure the co-decision outcome can be practically implemented.

Finally, to safeguard the financial solvency of operators of temporary storage facilities, it is crucial that the trusted operators among them can apply for a guarantee waiver. It should be ensured that the waiver is accessible to a wider variety of operators beyond T&C operators only.

## **8. Recommendations on the harmonization of customs and other related legislation**

The Customs Union can only realize its goal when Member States do align their national prohibitions and restrictions (P&R). Without alignment, trade facilitations will apply upon importation in some

Member States, but not in others, creating distortions of the single market without improving compliance anywhere in the EU.

Aligning customs and VAT legislation is essential to streamline processes, reduce administrative burdens, and enhance compliance for businesses engaged in international trade. Synchronization ensures that discrepancies between customs and VAT rules—such as those concerning valuation, reporting, and payment obligations—are eliminated, providing greater clarity and predictability for traders. This alignment facilitates the seamless recovery of import VAT, reduces the risk of errors or disputes, and helps combat fraud, such as undervaluation and misclassification of goods. Moreover, harmonized systems enhance supply chain efficiency, enable better data integration for authorities, and ultimately foster a more competitive and transparent trade environment within the EU.

### **9. Involvement of Trade**

Trade stands ready to provide valuable input into the European Commission's Customs Reform Proposals, recognizing that the proposals are currently under review in the Council.

By contributing insights from practical, real-world experience, trade can offer perspectives that ensure the reforms are not only effective in policy but also operationally feasible and beneficial for businesses across the EU and effective enforcement.

This input adds value by identifying potential areas for simplification, enhancing predictability and efficiency in customs processes, and aligning the reform with industry needs, particularly for SMEs and compliant economic operators. It also ensures that responsible and reliable operators are better associated in the ever more complex task of ensuring compliance of import and export flows, making enforcement by the authorities easier and more effective than it currently is.

Trade's involvement can help create a framework that balances security and trade facilitation, ensuring that customs reforms are both robust and supportive of economic growth. A collaborative approach between trade and policymakers will help to ensure that the final reforms achieve their intended outcomes, promoting a streamlined, consistent, and future-ready EU customs environment.

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