

Establishing the Union Customs Code and the European Union Customs Authority

2023/0156(COD) - 17/05/2023 - Legislative proposal

PURPOSE: to establish an EU Customs Code and Customs Authority.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: a well-functioning customs union is fundamental to the EU's economy and prosperity, as well as its international competitiveness. The EU economy is in the twin green and digital transition and has therefore adopted ambitious legislation, setting environmental, security, social and digital standards that shape the way businesses operate within and beyond the single market. This ambitious agenda risks being undermined if Union productions are replaced by imports from third countries that do not respect these standards. Without central supply chain monitoring and control by customs, the Union does not have full visibility on which goods enter and leave its territory.

Customs authorities are increasingly burdened with an ever-growing range of tasks stemming from the above mentioned very ambitious legislation that has been adopted in the last years. As a result, customs authorities are today squeezed between increasing tasks and complexity on the one hand, and a sharp increase of low value shipments in e-commerce on the other.

This reform strengthens the capacity of customs to supervise and control which goods enter and leave the customs union. It fulfils the promise of the President of the Commission to 'take EU customs to the next level' and is based in particular on the recommendations made by the Wise Person's Group on the future of customs in 2022.

CONTENT: the proposal aims to replace Regulation (EU) No 952/2013 with a view to revising and simplifying a number of rules and procedures governing goods enter and leave the Customs Union. It aims to establish the EU Customs Code as well as the EU Customs Authority and the rules, common standards and a governance framework for the establishment of the EU Customs Data Hub.

Customs will take a new strategic approach, driven by data analysis of supply chain information, to have targeted and coordinated customs action. The cooperation framework of customs authorities, market surveillance authorities, law enforcement authorities and bodies, tax authorities and other partners is strengthened. In a new partnership with trade operators, the administrative burden is reduced and customs processes are streamlined.

New Union Customs Code

The proposal introduces the new Union Customs Code, that builds on many elements of the previous Code. The mission of customs authorities is strengthened, to reflect the wide range of services customs, starting with the collection of duties, to the protection of citizens, the environment and other public interests, the fight against unfair, non-compliant and illegal trade, as well as the support of legitimate trade flows. The proposal contains relevant definitions for the revised customs processes, most importantly the importer and exporter, the deemed importer in case of distance sales and the prohibitions and restrictions.

The reform aims for transparency and accountability of the responsible actors and in return offers simplifications of customs processes.

EU Customs Authority

A new EU Customs Authority will oversee an EU Customs Data Hub which will act as the engine of the new system. Over time, the Data Hub will replace the existing customs IT infrastructure in EU Member States. Based on a new EU-level risk analysis the EU Customs Authority will issue EU control recommendations to customs authorities. The EU Customs Authority will also actively coordinate customs action across the EU and implement political priorities for the functioning of the Customs Union.

EU Customs Hub

Businesses wishing to bring goods into the EU will be able to log all the information on their products and supply chains into a single online environment: the new EU Customs Data Hub. This cutting-edge technology will compile the data provided by business and – via machine learning, artificial intelligence and human intervention – provide authorities with a 360-degree overview of supply chains and the movement of goods.

The EU Customs Data Hub will be developed gradually, starting with the new approach for e-commerce. Traders can start using the EU Customs Data Hub as of January 2032, and would be obliged to do so by 2037, when it will be fully operational. The EU Customs Authority will be gradually established and shall assume its tasks from 2028.

Business and trade benefits

Under the new proposal, businesses will only need to interact with the customs hub when submitting their customs information and will only have to submit data once for multiple consignments. In some cases where business processes and supply chains are completely transparent, the most trusted traders ('Trust and Check' traders) will be able to release their goods into circulation into the EU without any active customs intervention at all.

Bringing goods into the customs Union

The proposal presents the new simplified process for bringing goods into the Customs Union, a significant reduction in complexity and administrative burden. Customs collects information for risk analysis, including advance cargo and pre-departure information and intervene where necessary. The focus of customs administrations shifts from the individual consignment towards the supply chain supervision to identify risks. Customs maintains the capacity to intervene on every individual consignment, based on the information in the EU Customs Data Hub.

Budgetary implications

The EU Customs Authority and the development of the EU Customs Data Hub will not require a budgetary increase within the 2021-2027 period, as the costs of approximately EUR 60 million during the first 2 years will be financed under the Customs Programme 2021-2027.

Post 2027 the total costs of the Reform for the EU budget are estimated in the region of EUR 1.855 billion. This covers the cost of the tasks entrusted upon the EU Customs Authority with this proposal as well as the EU Customs Data Hub, without pre-empting the agreement on the post 2027 MFF and programmes.