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Brussels, 5th July 2022

Subject: EEA position on the recommendations of the Wise Persons Group on the Reform of the EU Customs Union

1. The European Express Association (EEA) welcomes the objective of the EU Commission to propose a comprehensive reform of the legislative framework, the working and governance of the EU Customs Union before the end of 2022, but we consider the timeline (before the end of 2022) to be very challenging.
2. We understand that this reform package, which should be implemented by 2030, will envision new, more modern customs rules to ensure the security and integrity of the EU Single Market, reduce opportunities for fraud, and facilitate legitimate trade. It will also increase synergies within customs, and with other authorities, for more efficient border controls and trade facilitation so that EU Member States harmonize procedures and Customs act as one.
3. The EEA agrees that the European Union needs to take a new approach, ensuring customs legislation is fit for purpose both for today and the foreseeable future. Therefore, the changes proposed should work to this principle in order to make the customs union effective and efficient, serving the overall competitiveness of the European Union.

4. Today, the members of the EEA process a very high number of customs declarations through customs in all EU Member States. As such – they are well placed to provide subject matter expertise in many DG TAXUD working groups.
5. We point out that our members have adopted AEO standards in various Member States, are collaborating with national customs administrations and other government agencies on multiple levels, have worked closely together with DG TAXUD and the Member States in the development and implementation of the VAT reform and have been frontrunners in the deployment of ICS2 Release 1. As such, our members are committed to customs and trade compliance and have significantly contributed to the increased safety and security of the supply chain as well as being instrumental in the increased collection of VAT revenue.
6. Through its members, the EEA has participated in the Foresight initiative, as well in providing testimony to the Wise Persons Group.
7. In our letter dated 15 April 2022, we have asked for a meeting of the Trade Contact Group dedicated to the report of the Wise Persons Group. Prior to this meeting we requested to provide our feedback to some of the recommendations of the Wise Persons Group, as well as making recommendations that support a comprehensive reform of the working and governance of the EU Customs Union. Such reform must look at increasing the safety and security of EU citizens while at the same time providing trade facilitation to legitimate trade. Both objectives need to be achieved taking into account the realities of today's supply chain as well as the availability of new technologies.

We strongly believe that future customs legislation should maximize both compliance and facilitation for legitimate trade by providing clear rules supported by smart technology, based on the realities of today's and tomorrow's supply chain.

In order to do so, we call for:

- a review of the AEO status – providing more tangible benefits to holders of the AEO status, including green lanes and mutual recognition;
- re-assessing the current 'de minimis' threshold of 150 Euro, based on academic data;
- expanding the IOSS scheme to more participants and increasing the current threshold;
- moving to a systemic control system rather than a transactional one at the border;

- expanding the use of the Single Trader Interface to all customs declarations – which allows declarants to submit declarations to one customs interface, rather than submitting data to customs interfaces of every single Member State;
- implementing centralized import and export clearance according to the timelines established in the UCC work program;
- implement a single window for customs and other government agencies controls, allowing to process shipments through an electronic one stop shop.

The EEA also wishes to emphasize that rules should be applicable to all similar economic operators – and that there should be no exceptions that could lead to competitive disadvantages for one industry.

8. We have summarized the recommendations of the Wise Persons Group, and have provided our position on each of the statements, which you will find below.

Recommendation 1:

The European Commission should by the end of 2022 table a package of reform proposals, including of the Union Customs Code, implementing the recommendations contained in this report, relating to processes, responsibilities and liabilities, and governance of the European Customs Union.

EEA position on Recommendation 1:

The European Union needs to take a new approach, ensuring customs legislation is fit for today's and tomorrow's supply chain, instead of yesterday's. In order to make the customs union effective, recommendations in terms of governance, legislative and process improvements should be considered.

Customs rules should be easy to understand, easy to apply and easy to control.

The aim of the Union Customs Code was to:

- Streamline customs legislation and procedures
- Offer greater legal certainty and uniformity to businesses
- Increase clarity for customs officials throughout the EU
- Simplify customs rules and procedures and facilitate more efficient customs transactions in line with modern-day needs

The opposite has happened. Economic operators are facing a significant increase of rules and thousands of pages of base acts, implementing acts, delegated acts and transitional delegated acts. The current legislative framework is not fit for purpose.

Any new legislation should seize the potential of e-commerce: the opportunities still presented by e-commerce for businesses and consumers are significant, as online retail continues to grow rapidly.

The EEA agrees with the reform, we however perceive the timeline as potentially unrealistic, which puts the preparation of the most suitable and appropriate rules at risk. Reform of the legal requirements should take into account the needs of the current international trade of goods, and not only fit to transitional types of businesses. We recommend that proposals would be sufficiently discussed and negotiated with all stakeholders involved in applying and maintaining the rules, including trade. We have 6 months left before the established deadline for the package, until now trade has not received any information on the plans, is not in the position to assess and comment the proposals, timelines, milestones, etc.

We propose that the Commission takes the required time to develop proposals in order for the proposals to be based on detailed public assessments and through thorough consultation with trade and other relevant stakeholders.

We trust the Commission considers the feedback received in one Trade Contact Group meeting as insufficient feedback for proper consultation, as to date, we have not received any proposals from the Commission.

We understand that the EU is currently evaluating the 2021 VAT reform, in particular the introduction of IOSS.

The EEA recommends that the EU should expand the successful 2021 implementation of its Import One Stop Shop (IOSS) to include all e-commerce goods – currently this threshold stands at just €150 – while simplifying the registration process and assessing the mechanism for the duty collection. In moving the revenue collection process away from the border, the IOSS helps to facilitate trade while maximizing revenue collection for EU customs authorities.

Recommendation 2:

A new approach to data: rather than relying principally on customs declarations, introduce a new approach to data.

EEA position on Recommendation 2:

The EEA recommends the following approach:

- a. That current work stream on broadening the data set used for customs risk management is given priority.
- b. That additional data sources such as traders, platforms and payment service providers are considered for data collection on B2C shipments to supplement current data sets provided by carriers.
- c. That express carriers are not expected or required to collect additional data beyond what is currently required.
- d. That the customs risk assessment procedures resulting from analysis of additional data:
 - Do not interfere with the time-sensitive express operations at origin
 - Result in a pragmatic and effective cooperation between stakeholders to ensure greater trade compliance and management of financial risks.

Have one single electronic window that ensures the release and clearance for customs and other government agencies.

Currently a customs declaration can be subject to multiple controls through different channels by various government agencies. There is a need for a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all customs and other government agencies related regulatory requirements. Individual data elements should only be submitted once.

The EEA wishes to highlight that express carriers should be involved in the process of establishment how those data will be linked to the still transaction-based customs clearance process, because it cannot end in a requirement where the delivery is blocked, and the goods are stored in the warehouses. Clear responsibilities are a key issue. EEA also wants to highlight that the express industry is ready to present its operations in order for the legislator to understand our supply chain processes in order to establish rules that are fit for the purpose and that meet the needs of the market.

Finally, the EEA acknowledges the fact that the Commission considers the implementation of the national IT systems according to the UCC Work Program as a common failure. We would like to remind the Commission that the EEA has repeatedly stated that the plans were unrealistic, and that Member States failed to meet our reasonable requests to provide economic operators with technical requirements 12 to 18 months ahead of the implementation. We trust that the Commission will learn from this experience and adhere to a new policy towards technology. We hope that this new policy builds on successful deployments as the Shared Trader Interface, rather than the current decentralized approach, which if it continues – will continuously create delays, issues, and confusion.

Recommendation 3:

A new comprehensive framework of cooperation should include data sharing between European Customs, with Market Surveillance Authorities, other Law Enforcement bodies and tax authorities for a comprehensive management of risks at EU level.

EEA position on Recommendation 3:

The EU should consider creating a single market for excise goods and allow to manage their processing over the Union Scheme. The rules should be simplified so that they are easy to understand, easy to apply and easy to control

We would like to stress that the cooperation of law enforcement authorities should lead to a situation where the controls are not made at the border for each and every type of measure. There should be a limited risk assessment in order to allow goods to enter the customs territory of the EU, which is crucial and should be checked, however from there should be clear responsibilities that govern the import and export of goods subject to a more system-based control approach (see e.g. "authorised representative" in the market surveillance Regulation). We advise not to put additional burden and responsibilities on the customs representatives. Controls, also non-fiscal ones - should be moved away from the border and the customs clearance process.

Recommendation 4:

A European Customs Agency should be set up to provide EU value-added services to the Commission and the Member States. Its governance should respect the existing allocation of competences.

EEA position on Recommendation 4:

The EU should consider allowing economic operators to file all their customs declarations with the European Customs Agency at any customs office in the EU and use any official language to submit their customs declarations and other data.

Although aspirational as of today, in order to support the future harmonization of formalities and the smooth implementation of EU legislation, it would be worthwhile considering creating one European Customs Agency over a defined period of time, replacing 27 customs administrations, improving the turnover time on new customs legislation and ensuring harmonized application in the Member States.

Until that goal is achieved, the European Agency should have sufficient power to ensure the harmonized interpretation and implementation of the law.

Recommendation 5:

Introduce a System-Based Approach centred on a reformed Authorized Economic Operator scheme expanded in scope, multi-layered and more effective, to better facilitate trade with confidence.

EEA position on Recommendation 5:

Refining the EU Authorized Economic Operator (AEO) model: The WPG correctly identified the need to overhaul the existing AEO system which currently imposes major compliance obligations on companies for sometimes limited benefit – leading many small businesses to opt out of the program altogether. As well as simplifying the registration process, a reworked AEO system should lead to a demonstrated reduction in fiscal checks for compliant traders and facilitate inspections away from the border. The same benefits should also be extended to the EU’s network of AEO Mutual Recognition Agreements (MRAs) with key partners, such as the US.

Further consideration should be given to the EU’s transaction-based Customs duties and taxes collection models. Given the growth in E-commerce these models are now outdated and other options including off border solutions should be considered for economic operators with a demonstrated record of compliance. Such options could be linked to the EU AEO program and bring measurable benefits, combined with other facilitating measures such as a demonstrated reduction in the amount of customs inspections for trusted traders and a simplified, harmonized approach across the EU. This will move the AEO program beyond positive perception and provide genuine competitive advantage.

Recommendation 6:

A new framework of responsibility and trust, in which businesses would seek Authorized Economic Operators status to gain commercial access to the EU market.

EEA position on Recommendation 6:

The EEA in principle supports this recommendation. The model should be developed in close cooperation with trade and it should be tangible and achievable. For example, it should not develop into a barrier to trade for SMEs wishing to export to the EU.

Recommendation 7:

No more customs duty exemption threshold of €150 for e-commerce, together with simplified rates for low value shipments.

EEA position on Recommendation 7:

The EEA would be interested to receive the data that backup this recommendation. Annex 2 of the WPG report specifies that this recommendation would create revenue of 1.5 Billion Euro - without providing any justification or reference. Furthermore, despite the fact that Swiss Customs was amongst the experts invited to the 2nd session of the WPG hearings, the scientific studies requested by the Swiss Parliament were not mentioned. These studies prove the benefits for customs, trade and consumers when import duties on industrial products are abolished. Implicitly, the removal of import duties on industrial products would remove the perceived perverse incentive to split consignments.

We also encourage the Commission to request an assessment on whether the current ‘de minimis’ amount of 150 Euro – that has been implemented with Regulation 1186/2009 setting up a Community system of reliefs from customs duty - can be increased, similar to the US (800 US\$) or Australia (1000 AUD). This would reduce the opportunity for undervaluation and increase trade and it would increase the competitive position of the European Union.

Rethinking customs processes for low value shipments – the EEA urges EU policymakers to consider smart, sustainable approaches to the regulation of low value imports that prioritize trade facilitation. In particular, the introduction of a flat rate or a simplified bucket system for duty collection could greatly reduce cost and complexity for small businesses.

We caution against the removal of the existing €150 duty exemption threshold, which if implemented would only add new costs for companies, while placing additional burden on customs authorities already challenged in terms at capacity in light of Brexit, the 2021 VAT e-commerce changes, and Covid-19.

Not only should the EU consider increasing the “de minimis” value on duties from €150 to a justifiable level (or remove it on industrial products), it should also consider a novel approach to Low Value Shipment processing e.g. decoupling of the collection of import duties and VAT, with VAT collected away from the border.

Recommendation 8:

A package of measures to green EU customs, digitalize procedures, ensure that prohibitions and restrictions related to sustainability are properly implemented on as well as possibly reform the World Customs Organization Harmonized System Nomenclature to allow for the proper classification of environmentally friendly products that the EU wants to promote in international trade.

EEA position on Recommendation 8:

The EEA supports initiatives to reduce the administrative burden on customs authorities and economic operators

There is an inflation of customs declarations – independent from the value or content of the goods. This makes it challenging for customs declarants to timely and correctly submit customs declarations and for the customs authorities to adequately control these declarations.

The EEA fully subscribes to the green initiative; we however want to point that it is not handled independently from the other proposals. This means that involvement of trade is crucial, realistic timelines are required, sustainability is a priority, transaction basis is not the future, clear responsibilities are pre-requisite. We need to have a common approach to commonly agreed standards and rules. Digitalization should be part of the package. The express industry can be responsible only for the information it owns.

The EEA points out that the implementation of Centralized Import and Export Clearance will contribute to a more efficient network usage, improving mobility and reducing carbon footprint.

We encourage the Commission to adhere to the published timelines for the implementation of Centralized Clearance – as it not only will provide benefits to economic operators, customs administrations, and EU citizens, but it also supports sustainability.

Recommendation 9:

Member States and the EU have the responsibility to ensure that Customs are properly resourced, trained, and equipped to have the capacity to fulfil their mission, including proper investigative powers.

EEA position on Recommendation 9:

Customs administrations should ensure capacity exists to customs clear compliant shipments without delays.

The EEA agrees with the proposal of the report; we however want to highlight that training should take into account the business realities of today. The sponsorship should not be limited to the administration and would require involving trade as well.

Furthermore, there should be an increased focus not only on import but also on export trade facilitation, by creating new opportunities for EU exporters. The EU should incorporate and harmonize the latest customs provisions into its trade agenda to allow local businesses to take advantage of the EU's unparalleled network. In pushing back against protectionism at home, the EU will also minimize the potential for retaliatory practices from third country partners.

Recommendation 10:

Introduce an annual Customs Revenue Gap Report based on an agreed methodology and data framework to better manage Customs revenues collection.

EEA position on Recommendation 10:

The EEA encourage that these reports will be shared with stakeholders, including trade, ensuring full visibility and transparency.

The EEA would like to comment on these recommendations during the TCG meeting of July 12th. We furthermore want to contribute on any work groups that the Commission will create and we would repeat our invitation for the Commission to visit a members facility – allowing us to show what the impact of customs processes are on the supply chain.

Your sincerely,



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About the EEA

The European Express Association (EEA) is the representative organisation for the express industry in Europe. The industry specialises in time-definite, reliable transportation services for documents, parcels, and freight. It allows European business to rely on predictable, expeditious delivery of supplies, thereby enabling them to attain and maintain global competitiveness.

The express industry employs over 330,000 people across the EU and supports a further 410,000 indirect jobs in Europe through the supply-chain. The express industry's employees are widely spread across EU member states.

The express industry is a truly intermodal sector. Air-road and air-rail operations form an integral part of the industry's hub and spoke system. Our members use the most efficient transport mode to ensure the timely delivery of our customers' goods. This includes the use of aircraft, but also road vehicles and rail where possible.