

Draft Position paper on the proposal for a Union Customs Code (UCC) reform

November 2023

The European Branded Clothing Alliance (EBCA) represents more than 70 popular fashion brands and employs over 250,000 people in Europe. We support an environment conducive to European competitiveness and a positive role for the EU in global trade. To this end, we welcome the UCC reform proposal and view it as an important contribution to ensuring a harmonised approach towards protecting the Single Market from unfair competition and promoting trade. In particular we welcome the goal of the proposal to streamline customs procedures by increasing digitisation. We believe that such measures should eliminate unnecessary administrative burdens and contribute to the smooth functioning of the Single Market.

The UCC reform also impacts sustainability policies more broadly and creates an opportunity to streamline their implementation. The reform will help customs enforce the EU's new sustainability regulations, reduce the environmental impact of the customs system itself, and create a more sustainable supply chain. The EU's new sustainability regulations, including the Carbon Border Adjustment Mechanism (CBAM), the deforestation regulation, the forced labour ban proposal, the Ecodesign for Sustainable Products Regulation (ESPR), and the Digital Product Passport (DPP), will have a significant impact on customs. The EU's UCC reform proposal is essential to help customs adapt to these changes. The reform proposal includes several measures that will make customs more efficient, such as centralizing customs data management, streamlining customs procedures, and investing in new IT systems.

In order for the proposal to achieve its goals, we believe that future discussions must focus on the following key issues:

1. **EU Customs Data Hub:** Digitisation is an important element meant to streamline bureaucratic processes and help facilitate international trade. We support the EU Customs Data Hub's (EUCDH) aims to foster cross-border and cross-sector interoperability in Europe and allow for the deployment of different technologies such as artificial intelligence. Data quality should be at the heart of the EUCDH. Instead of gathering broad types of data, it is more efficient to build systems based on limited, proportionate, targeted and reasonable data disclosures. Data should also be standardised, so that there could be a real shift from a document-based system to a data-based system. This will support interoperability and data reuse, building on the principles of the EU Data Strategy to drive economic growth and competitiveness within the EU. Access to the EUCDH by authorities other than Customs Authorities should be extremely limited and restricted to the minimum and on a need-to-know basis. Given the sensitivity of the data, companies should be able to know who accessed the data and for what purpose.

There is an opportunity to facilitate alignment and coherence of the UCC with other proposals such as those in the sustainability field. Leveraging the potential synergies and avoiding overlaps between the different regulatory proposals, particularly with regards to the various databases that are being developed under various European legislative initiatives, such as the DPP, databases for Corporate Social Responsibility and Due Diligence, Textile Labelling and databases containing

information on products made with forced labour. This will ensure data standardisation, interoperability and data reuse.

It is important that the implementation of the Data Hub is not delayed and be introduced through a gradual approach. The EU Customs Data Hub is scheduled to be fully operational by 2037, with some features ready in 2032. However, we are concerned that this timeline is too long, given the delays that IT implementation projects typically experience. We urge the Commission to create and deploy more components of the Data Hub sooner, and to provide an opt-in program that companies can begin to use earlier than 2038. A phased roll-out may also be necessary to avoid bottlenecks or delays. Additionally, close cooperation with key trade partners should be ensured to facilitate a smooth implementation of the EUCDH and other UCC provisions.

Regular and structured dialogues with economic operators are also essential for the development and implementation of digital solutions, both at the EU and national levels. This is needed to ensure that digitalisation leads to practical simplifications for businesses. Some already existing national IT structures are of high quality and a proven success. It would be beneficial to use these systems as the starting point for new EUCDH. Efficiencies achieved over years of collaboration between operators and national customs authorities must be safeguarded.

2. **EU Customs Authority:** We welcome this development as it has the potential to reduce the administrative burden by increasing EU customs cooperation and harmonise national legislation. It is important for the new Customs Authority to have a clear mandate to avoid becoming another bureaucratic layer. The EU Customs Authority can provide the necessary guidance for national authorities to harmonise their approach to implementing customs provisions across the EU. This should include a harmonisation of controls at the borders regarding the prohibitions and restrictions (P&R) list. It can also optimise risk management for national authorities and ensure that resources are allocated where they are needed most. It is also important to provide recommendations on best practices to national authorities. The Customs Authority should also promote equal controls and resulting documentary requirements for all importers, regardless of entry point.

3. **Abolishment of the EUR 150 de minimis threshold:** The removal of the 150 Euro threshold for Customs duties and creation of deemed importer is a significant step forward in terms of supporting the circular economy, ensuring the safety of consumers and the environment and create a level playing field for European companies.
Evidence gathered during the work of the Wise Persons Group shows that dangerous, non-compliant products still enter the EU market every day.¹ According to the UCC recommendations made by the wise persons' group, the current EU customs threshold of 150 euros undermines the circular economy by allowing non-compliant products to enter the market. These products often contain harmful chemicals or are made with unsustainable materials. As a result, they cannot be easily repaired, reused, or recycled. Furthermore, the abolition of the VAT minimum and implementation of the IOSS does not seem to have relieved unfair competition. There are also real concerns that there has been an influx of unsafe and non-compliant products into the EU market that puts consumers at risk.
Under the UCC reform proposal, the deemed importer would be responsible for both financial and non-financial risks associated with imported goods. This will deter businesses from importing unsafe or non-compliant goods and encourage them to take more responsibility for ensuring that

¹ [Report by the Wise Persons Group on the Reform of the EU Customs Union – Brussels March 2022](#)

their goods comply with EU regulations. It would also simplify the process for both businesses and consumers and help to reduce fraud.

4. **Trust and Check Trader status:** We welcome the initiative of introducing this new status that should strengthen the Authorised Economic Operator (AEO). The Trust and Check trader status aims to lighten the administrative burden on companies by facilitating cooperation of certified traders and national customs authorities. The new status should also facilitate a harmonisation in the application of trust measures among national authorities.
There should be a smooth transition from AEO to Trust and Check trader status. The new status should also bring with it tangible benefits such as simplified customs procedures or fewer controls for certified traders. A risk-based approach should be implemented whereby certified traders incur fewer controls compared to other who do not meet the relevant criteria for certification. To this end, we welcome clear and timely legislative guidance on the requirements.
5. **Storage period:** EBCA does not see a valid basis for changing the temporary storage deadline from 90 days to 3 and 6 days for an approved recipient. We believe that such a shift will significantly deteriorate European supply chains. Additionally, companies will face significant administrative costs since all current IT systems are built around the 90-day timeline for temporary storage. Ultimately, this will result in significant competitiveness losses for EU economic actors.
6. **New rules on customs penalties:** EBCA broadly welcomes the introduction of a common framework setting a baseline for customs infringements and non-criminal penalties. However, we believe that the proposal should ensure proportionality of penalties for intentional and non-intentional errors. The current foreseen baseline amounts go beyond the necessary thresholds needed to ensure adequate implementation. The proposal should also include a sound legal basis for their implementation.

About EBCA:

The European Branded Clothing Alliance is a coalition of leading global retail companies brands that represent over 60 brands. The alliance works to ensure a positive trade agenda and a more predictable business environment for a leading industry sector in the EU that contributes to jobs, innovation and research and development. Via their global value chains, members also contribute to jobs and sustainable development in countries in which they source and produce. Please visit our website at <http://www.ebca-europe.org/> for further information.

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