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From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	Customs Union reform package: Regulation establishing the Union Customs Code and the European Union Customs Authority - *Progress report*

Delegations will find in the Annex the progress report from the Polish Presidency on the state of play and work carried out in the Council regarding the reform of the EU Customs Union with a view to the meeting of the Council (Economic and Financial Affairs) on 20 June 2025.

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Progress Report from the Polish Presidency to the Economic and Financial Affairs Council (ECOFIN) on the state of play and work carried out in the Council regarding the reform of the EU Customs Union

1. Introduction

The reform of the EU Customs Union represents a strategic response to the growing challenges faced by customs administrations and economic operators in an increasingly complex global environment. The legislative package, presented in May 2023, aims to modernise and strengthen the functioning of the Customs Union by introducing a new Customs Authority, improved risk management, enhanced data use, and a more coherent approach to trade facilitation.

The initiative responds to longstanding calls from Member States, institutions, and stakeholders to simplify customs procedures, ensure better coordination at the EU level, and equip customs authorities with the tools necessary to effectively protect the single market and support trade. In particular, the proposed creation of the European Union Customs Authority and the development of the EU Customs Data Hub are intended to significantly improve information sharing and operational efficiency.

Since the package was presented by the Commission in May 2023, the Council preparatory body in charge, the Customs Union Working Party, has held **over 100 meetings** under the Spanish, Belgian, Hungarian and Polish Presidencies. This intense and continuous work reflects the strong commitment of Member States to reach a Council mandate for trilogue negotiations on the reform of the Union Customs Code and the establishment of the EU Customs Authority.

To manage the scope and complexity of the proposal, the previous trio (Spain, Belgium, Hungary) structured the examination around thematic blocks. The first analysis of the proposal, focusing on clarification and understanding of the new elements, was launched by the Spanish Presidency, continued by the Belgian Presidency, and concluded article-by-article by the Hungarian Presidency.

During its term the Polish Presidency has placed high priority on advancing the Council's work on the reform package. Recognising the importance of customs for the Union's economic resilience, security, and competitiveness, the Presidency has facilitated constructive discussions among Member States with a view to identifying common ground and preparing the basis for further progress.

This report provides an overview of the work undertaken during the Polish Presidency in the field of the Customs Union reform, summarising the main developments, emerging orientations, and areas for further reflection and engagement.

2. Progress achieved under the Polish Presidency

The Polish Presidency has placed significant emphasis on advancing the work on the Customs Union reform, treating it as one of its key priorities in the area of economic and financial affairs. In light of the complexity and long-term impact of the proposed legislative package, the Presidency's approach has focused on ensuring inclusive, transparent and structured discussions among Member States.

Building on the in-depth discussions in the Council the Polish Presidency has prepared compromise texts and developed a consolidated version of the proposed new Union Customs Code. This document reflects the key issues raised by delegations and is intended to be submitted to Coreper in June 2025 with a view to possibly agreeing on a mandate for negotiations with the European Parliament.

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2.1 Summary of meetings held under the Polish Presidency

Between January and June 2025, the Polish Presidency convened a total of **thirty-three meetings of the Customs Union Working Party** dedicated to the examination of the reform package. These meetings allowed Member States to engage in in-depth technical discussions on the key pillars of the proposal, including the establishment of the EU Customs Authority, the functioning of the Customs Data Hub, e-commerce and the proposed risk-based categorisation of economic operators. In January 2025 in Brussels the Presidency also organized the **High-Level Working Party on Customs Union**, with the participation of ministers and senior officials, providing strategic level guidance on key elements of the reform.

2.2 Outcomes and state of play

As a result of the intensive and sustained work carried out under the Polish Presidency, including numerous technical and political discussions, Member States had the opportunity to articulate their preliminary positions on the key elements of the reform of the EU Customs Union. These exchanges took into account the current geopolitical circumstances and contributed to a better understanding of the legal, institutional, and operational implications of the proposed changes, notably in relation to governance structures, the division of competences between the Union and the Member States, and the necessary IT infrastructure to support implementation.

At the beginning of June 2025, the Polish Presidency presented a compromise text for the revision of the Regulation of the European Parliament and of the Council establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013.

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One area of particular importance within the Council's discussions has concerned the handling fee in e-commerce, a new concept introduced by the Commission in its Communication of 5 February 2025 on Fair and Sustainable E-commerce. The Commission outlined the rationale and operational framework for a flat-rate handling fee to be collected by customs authorities in order to compensate for the increasing compliance burden linked to the sharp rise in low-value consignments. This concept was introduced at a relatively advanced stage of the legislative process and triggered substantive discussions in the Council. The fee, to be borne by importers would not be considered part of the customs debt but would be collected alongside it. The general principle of introducing the fee has been met with support, yet a some of technical and legal aspects remain open. These include the precise legal nature of the fee, implementation and collection methods, possible effects on trade flows, and its compatibility with the broader EU regulatory framework.

3. Key Elements of the Reform Discussed

- **Establishment of the EU Customs Authority**

During the Council meetings under the Polish Presidency, discussions focused on the scope, structure, and governance of the proposed EU Customs Authority. Member States broadly recognized the added value of a centralized body to ensure the uniform application of customs rules and to enhance cooperation across the Union. In this context, the competences of the Authority, its institutional independence, as well as its relationship with national customs administrations were thoroughly examined.

- **Role of the EU Customs Data Hub**

The EU Customs Data Hub is considered a central pillar of the reform of the Customs Union. Council discussions focused on its role as a single-entry point for customs data, aimed at improving the timeliness, quality, and use of information. Delegations examined issues related to governance, data ownership, interoperability with national systems, required for its implementation.

Overseen by the future EU Customs Authority, the Data Hub will serve as the central engine of the reformed customs system and will progressively replace the existing national IT infrastructures. It will enable secure and harmonised data exchange, support EU-level risk management and fully digital customs procedures. As such, it is expected to significantly enhance efficiency, transparency and coordination within the Customs Union.

- **New Categorisation of Trusted Traders**

The reform introduces a risk-tiered approach to trader trustworthiness, moving beyond the current Authorised Economic Operator (AEO) framework. Member States discussed the criteria, benefits, and monitoring mechanisms associated with the proposed categories, especially the "Trust&Check" model, which links enhanced trade facilitation with data transparency and compliance history. Some delegations stressed the need to ensure proportionality and access to the system for SMEs, while avoiding potential market imbalances.

- **Enhanced Risk Management at EU Level**

The Presidency facilitated initial exchanges on proposals to strengthen risk management coordination at the Union level. There was general agreement on the need for a more systematic and harmonised approach to risk analysis, coordinated by the future EU Customs Authority and enabled by the advanced data capabilities of the EU Customs Data Hub, to ensure consistent and effective risk management across the Union. Delegations supported improved targeting capabilities, and stronger EU-level coordination in addressing security and compliance threats.

- **E-commerce**

In light of the exponential growth of low-value consignments and the increasing complexity of global supply chains, e-commerce remained one of the key focus areas during the Polish Presidency. The discussions in the Council addressed several strategic and operational dimensions of the reform, including the introduction of the "deemed importer" concept.

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A particular emphasis was placed on the need to adapt customs legislation to the realities of a rapidly evolving e-commerce landscape. Member States underlined that effective regulatory responses are essential not only for ensuring the compliance of goods with fiscal and non-fiscal requirements, but also for reinforcing fair competition in the internal market. Stronger enforcement capacities at EU borders are expected to help eliminate unfair trading practices, combat fraud, and support the development of a level playing field for all economic operators, including legitimate e-retailers and SMEs.

The Council also discussed the role of customs warehouses in e-commerce supply chains. Delegations raised concerns regarding the traceability of goods, control over re-exported items, and the need for improved oversight of platforms and intermediaries using such facilities. These discussions revealed a shared interest in reinforcing transparency and accountability in the customs treatment of online trade.

There was broad convergence on the need to reinforce the accountability of economic operators involved in e-commerce and to ensure the effective application of customs rules throughout the supply chain. These discussions are expected to inform further technical work and contribute to the development of a robust and future-proof legal framework supporting compliant and sustainable online trade.

- **Customs Cooperation**

The Polish Presidency highlighted the importance of reinforcing customs cooperation both within the EU and with international partners. Discussions reaffirmed the necessity of strengthening joint operational capacity, enhancing the exchange of information, and streamlining procedures to respond more effectively to cross-border challenges, including fraud, intellectual property rights violations, and illicit trade. Delegations also underlined the role of the future EU Customs Authority in facilitating strategic coordination and operational synergies.

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- **Provisions for SMEs and Trade Facilitation**

  The implications of the reform for small and medium-sized enterprises were also a recurring theme. Delegations called for tailored measures to support SMEs' compliance with the new rules, including simplified customs procedures, digital tools, and clearer guidelines. The Polish Presidency encouraged further reflection on how to balance risk control with accessibility and competitiveness for smaller market actors.

- **Customs representation**

  The new Union Customs Code clarifies the framework for customs representation, notably by defining the responsibilities of direct and indirect representatives. While both forms remain possible, access to Trust and Check benefits would require both parties to hold the status. Indirect representatives would also bear greater liability, being treated as importers or exporters for customs obligations. These provisions have been the subject of detailed discussions in the Customs Union Working Party, particularly regarding their practical implications for economic operators.

4. Conclusions

During its term, the Polish Presidency placed strategic emphasis on advancing work on the reform of the EU Customs Union. Recognizing the fundamental importance of a modern and future-proof Customs Union for the integrity of the Single Market and the Union's economic security, the Presidency aimed to foster constructive dialogue among Member States and deepen a shared understanding of the core objectives, institutional implications and technical complexities of the reform package.

The Polish Presidency facilitated inclusive and structured deliberations within the Council. These efforts culminated in the presentation of a consolidated compromise text in June 2025, which constitutes a major milestone in the legislative process. This compromise text reflects the outcome of broad discussions. The Presidency is of the opinion that the text could pave the way (subject to Coreper approval) for future negotiations with the European Parliament.

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The Polish Presidency concludes its term by reaffirming the strategic relevance of the Customs Union reform and expresses full confidence that the incoming Danish Presidency, in close coordination with its trio partners (PL–DK–CY), will maintain the momentum and work towards reaching political agreement and securing the Council's negotiating mandate in the second half of 2025.

The Polish Presidency ends its term by confirming the strategic importance of the reform of the Customs Union and expresses full support for the upcoming Danish Presidency in further work on the adoption of the new Union Customs Code.

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