



Council of the  
European Union

Brussels, 12 June 2024  
(OR. en)

10580/24

LIMITE

UD 110  
CODEC 1402  
ENFOCUSTOM 81  
ECOFIN 623  
MI 558  
COMER 90  
TRANS 265  
FISC 124  
IA 131

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**Interinstitutional File:  
2023/0156(COD)**

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**'I/A' ITEM NOTE**

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From: General Secretariat of the Council  
To: Permanent Representatives Committee/Council  
Subject: Presidency Information Note on legislative and non-legislative activities of the Working Party on Customs Union including Customs Union Reform Package Proposal

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Delegations will find in the Annex the Presidency Information Note on legislative and non-legislative activities of the Working Party on Customs Union including Customs Union Reform Package Proposal.

It is suggested that the Permanent Representatives Committee invite the Council to take note of the report by the Presidency set out in the Annex to this note as an 'A' item at a forthcoming meeting.

**PRESIDENCY INFORMATION NOTE ON LEGISLATIVE AND NON-LEGISLATIVE  
ACTIVITIES OF THE WORKING PARTY ON CUSTOMS UNION INCLUDING  
CUSTOMS UNION REFORM PACKAGE PROPOSAL**

This information note (report) provides an overview of the works and outcomes concerning the legislative and non-legislative work of the Customs Union Working Party during the term of the Belgian Presidency, including the progress achieved concerning the Customs Union Reform Package Proposal.

**I. Outcomes of the Customs Union Working Party on legislative and non-legislatives proposals**

The aim of the Belgian Presidency was to successfully conclude the triologue on the Firearms Regulation recast. The Council and the European Parliament reached a provisional agreement on updated EU rules on the import, export, and transit of firearms into and from the EU on 14 March 2024 in Strasbourg. The provisional agreement was confirmed by Coreper on 18 March 2024 and adopted by the European Parliament on 23 April 2024.

The Customs Union Working Party has coordinated a large number of positions to be taken within the World Customs Organization (WCO) on the basis of Art. 3, (1)1 and Art. 2, (2) of the TFEU and the Council Decision on the position to be taken on behalf of the European Union within the World Customs Organization with regard to the harmonized system and taken decisions on the basis of Art. 218 (9) of the TFEU with a view of determining the EU's position in the committees and subcommittees responsible for customs matters in various international agreements.

The Customs Union Working Party examined the proposal and agreed on the Council Decision on the positions to be taken on behalf of the European Union at the third session of the Meeting of the Parties to the Protocol to Eliminate Illicit Trade in Tobacco Products. This decision was adopted by the Council on 29 January 2024 (A item).

The Customs Union Working Party examined the proposal and agreed on the Council Decision on the position to be adopted, on behalf of the European Union, in the sixty seventh session of the Commission on Narcotic Drugs on the addition to the list of substances in Table I of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. This decision was adopted by the Council on 12 March 2024 (A item).

The Customs Union Working Party examined the proposal and agreed on the Delegated Act amending Regulation (EC) No 273/2004 of the European Parliament and of the Council and Council Regulation (EC) No 111/2005 as regards the inclusion of certain drug precursors in the list of scheduled substances. This Delegated Act was adopted by the Council on 12 April 2024 (A item).

The Customs Union Working Party examined the proposal and agreed on the Council Decision on the position to be taken on behalf of the European Union within the Association Council established by the Euro Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Arab Republic of Egypt, of the other part, as regards the amendment of Protocol 4 to that Agreement concerning the definition of the concept of 'originating products' and methods of administrative cooperation. This decision was adopted by the Council on 29 April 2024 (A item).

The Customs Union Working Party examined the proposal and agreed on the Council Regulation amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff (certain grain products). This regulation was adopted by the Council on 30 May 2024 (A item).

The Customs Union Working Party also examined the proposal and adopted the biannual update of the Council Regulation opening and managing autonomous Union tariff quotas for certain agricultural and industrial products, and repealing Regulation (EU) No 1388/2013 and the Council Regulation suspending the Common Customs Tariff duties referred to in Article 56(2)c) of Regulation (EU) No 952/2013 on certain agricultural and industrial products and repealing the Regulation (EU) No 1387/2013. These regulations will be submitted for adoption by the Council on 25 June 2024 (A item).

## **II. Outcomes of the Customs Union Working Party on the Customs Union Reform Package Proposal**

### **1. Introduction**

Concerning the Customs Union Reform Package, it must be recalled that on 17 May 2023, the Commission put forward proposals for the most comprehensive reform of the EU Customs Union since its establishment in 1968.

The Commission submitted a Package for Customs Reform containing the following proposals:

- Proposal for a 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 (doc. ST 9596/23 + ADD1 + ADD2 + ADD3 + ADD4).

- Proposal for a Council Regulation amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold (doc. ST 9625/23 + ADD1).
- Proposal for a Council Directive amending Directive 2006/112/EC as regards VAT rules relating to taxable persons who facilitate distance sales of imported goods and the application of the special scheme for distance sales of goods imported from third territories or third countries and special arrangements for declaration and payment of import VAT (doc. ST 9638/23).

## 2. **Presentations and discussions in the Customs Union Working Party**

The Belgian Presidency continued the approach agreed together with Spain and Hungary as members of the Trio. This approach consists in grouping the analysis by thematic blocks, which were identified as the following according to the content and different elements of the proposals of the Customs Reform Package:

- Customs Processes;
- E-commerce;
- EU Customs Data Hub;
- Restrictive measures, crisis management, cooperation, risk management and EU Customs Authority;
- Customs infringements and other Horizontal provisions.

The Belgian Presidency has dedicated a large part of its available time resources to presenting and analysing, with the technical support of the European Commission, of the different blocks.

To this purpose, the Belgian Presidency proceeded as follows:

- on average three regular one-day meetings of the Customs Union Working Party per month (January – February – March), combined with additional two-day meetings as from April (on average six regular meetings per month for April – May – June);
- a two-day informal information session in January on the workflows linked to the Customs Reform Package;
- a meeting of the Working Party on Tax Questions (indirect taxation) dedicated to the impact of the Customs Reform Package on VAT files on 9 February 2024;
- a Customs Union Work Party for Directors General on the governance of the Customs Union (European Customs Authority) on 9 April 2024;
- a High-Level Seminar on Customs cooperation for Directors General of Customs on 22–24 May 2024;
- and an informal Customs Union Working Party allowing European federations to present their vision, expectations and concerns regarding the Customs reform package on 9–11 June 2024.

In the Customs Union Working Party meetings, the method has consisted of presentations by the Commission (DG TAXUD) of the articles followed by the discussions, article by article, of the legislative proposals. Besides the meetings, the Belgian Presidency also processed more than 1 100 written detailed questions (Q&A) in close cooperation with the Commission. This approach has given a broad opportunity to the Member States to express not only first positions, but also comments, concerns and doubts about the content of the proposal, giving also the opportunity to the Commission to explain and give responses to these main initial concerns and preliminary doubts.

The Belgian Presidency worked on all the building blocks, with the exception of the e-commerce building block, the latter being addressed under the Spanish Presidency.

The enormous effort deployed by the Belgian Presidency allowed to complete a significant part of the Customs Union Reform Package analysis and as a result, a limited number of articles will be handed over to the incoming Hungarian Presidency in view of the continuation of the first analysis.<sup>1</sup>

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<sup>1</sup> The remaining meetings of the Customs Union Working Party will focus on Customs Processes and Horizontal Rules (24 and 25 June).

### 3. Main outcomes of the first discussions

During the Customs Union Working Party for Directors General, the Presidency has observed a constructive dialogue among Member States, who demonstrated their awareness of the need to provide the Customs Union with a modern and robust legal framework that will allow customs authorities to better protect the citizens and the single market, in particular regarding the potential establishment of an EU Customs Authority and an EU Customs Data Hub.

Moreover, the exchanges have highlighted the importance of enhancing cooperation, coordination and IT governance among national customs administrations to address the challenges faced by the Customs Union.

While observing the different views expressed, the Belgian Presidency notes that there is a general recognition of the need for harmonisation in the Customs Union, aiming for EU customs acting as one in order to successfully meet the challenges posed by changes in consumer behaviour and the new logistics landscape. The creation of an EU Customs Authority and an EU Customs Data Hub, as proposed by the Commission, could be one possible pathway to achieve this objective and these two enablers seem to be supported by a significant number of Member States. However, the conditions, tasks and functionalities for the EU Customs Data Hub need to be explored in more detail while the role and purpose of the EU Customs Authority are still under evaluation by Members States.



In this respect, the Belgian Presidency noted the concerns raised by some Member States regarding the need to have due regard for certain national competences. The Presidency also recognises the call for strengthening the role of Member States in the potential governance of the EU Customs Authority and the importance of this Authority being at the service of the Member States. Looking ahead, the Belgian Presidency believes that it would be beneficial to continue the technical discussions in the Customs Union Working Party. This will allow for a thorough assessment of the practical implications and potential benefits of establishing an EU Customs Authority and an EU Customs Data Hub, considering the views of all Member States. The Belgian Presidency also notes that some topics need to be discussed in other Working Parties, i.a. Working Party on Tax Questions and Working Party on Own Resources.

The Belgian Presidency has contributed in a balanced way to the technical discussions on the Customs Reform Package in the Customs Union Working Party, has made significant progress on the discussions and remains committed to continue to maintain these efforts during the closing stages. The Belgian Presidency is confident to entrust the incoming Hungarian Presidency with the next steps of the discussions building upon the constructive dialogue observed.

For information purposes, the Belgian Presidency provides on the Annex a state of play of the articles during the Spanish and the Belgian Presidency, in the form of a list as well as a visual (dd 4.6.24).

Annex 1 Customs Union Reform Package – First analysis in the CUWP (chapter status on 4 June 2024)

<b>Status</b>	<b>Title</b>	<b>Chapter name</b>	<b>Articles total</b>	<b>Articles done</b>
Done	I General provisions	Customs decisions	13	13
	II Obligations and rights	Registration	1	1
		Importer and deemed importer	2	2
		Exporter	1	1
		AEO and Trust&Check	4	4
		Custom representation	2	2
	IV Customs supervision, controls & risk management	Customs supervision	2	2
		Customs controls	7	7
		Customs risk management	6	6
	V Placing goods under a customs procedure	Customs status of goods	3	3
		Placement and release	4	4
		Transitional provisions	12	12
		Disposal of goods	4	4
	VI Goods brought into the customs territory	Advance cargo information	9	9
		Release for free circulation	2	2
		Relief from import duty	4	4

VII Goods taken out of the customs territory	Exit of goods and export procedure	7	7
VIII Special procedures	General provisions	9	9
	Transit	8	8
	Specific use	4	4
	Storage	14	14
XI Restrictive measures and crisis management	Restrictive measures	2	2
	Crisis management mechanism	2	2
XII The EU Customs Authority	Principles	3	3
	Tasks	3	3
	Organisation of the EUCA	11	11
	Establishment and structure of the budget	7	7
	Provisions on staff	3	3
	General and final provisions	7	7
XIII Customs cooperation	Customs cooperation	6	6
XIV Infringements and non-criminal sanctions	General provisions	7	7
	Customs infringements and non-criminal sanctions	3	3
XV Final provisions	Performance measurement	2	2
Simplified tariff treatment and customs duty relief	Simplified tariff treatment and customs duty relief	3	3

Not started	IX Tariff classification, origin and value	Common Customs Tariff and tariff classification	2	0	
		Origin of goods	5	0	
		Value of goods for customs purposes	7	0	
	X Customs debts and guarantees	Incurrence of a customs debt	11	0	
		Guarantee for a customs debt	10	0	
		Recovery, payment, repayment and remission	19	0	
		Extinguishment of a customs debt	2	0	
	XV Final provisions	Monitoring, evaluation and reporting	2	0	
		Currency conversion and time-limits	2	0	
		Delegation of power and committee procedure	2	0	
		Final provisions	3	0	
	Ongoing	I General provisions	Scope and mission	4	2
			Definitions	1	0
III EU Customs Data Hub		EU Customs Data Hub	12	5	
VIII Special procedures		Processing	9	4	

- Done
- Not started
- Ongoing

