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'I/A' ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council
Subject: Customs Union Reform Package
- Report by the Presidency

Delegations will find in the Annex to this note the report of the Presidency regarding the work on the Customs Union Reform Package.

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.

REPORT FROM THE SPANISH PRESIDENCY TO ECOFIN ABOUT THE WORK IN THE COUNCIL ON THE CUSTOMS UNION REFORM PACKAGE

Introduction

This report provides an overview of the works and progress in the Council during the term of the Spanish Presidency 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 texts:

- Communication from the Commission on Customs reform: Taking the Customs Union to the next level. Doc. ST 9622/23
- 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.

Policy debate ECOFIN 14 July 2023

A first policy debate on the reform package took place during the first ECOFIN (Economic and Financial Affairs Council) meeting of the Spanish Presidency on 14 July 2023.

Given that at the time not all the translations to the EU languages of the complete package were available, the Presidency based this first analysis and debate on the “Communication from the Commission on Customs reform: Taking the Customs Union to the next level” that contains, summarises, and describes the main elements and key features of the proposal. To that purpose, the Presidency prepared a note regarding the different aspects of this EU customs union reform for consideration by the ministers.

ECOFIN Ministers were invited to express their views on the key aspects of the package as featured in the Communication from the Commission. In particular, they were invited to exchange views on the reform objectives and on the added value of the key measures of the proposal.

Presentations and discussions in the Customs Union Working Party (CUWP)

Following the ECOFIN policy debate, the Spanish Presidency started the examination of the customs union reform package in the Customs Union Working Party (CUWP).

To address such a broad reform, the Presidency considered it necessary to adopt an appropriate methodology to structure the discussion and analysis. The Presidency (together with Belgium and Hungary as members of the Trio) decided that the best approach was to group the analysis by thematic blocks, which were identified as the following according to the content and different elements of the proposals of the Reform Package:

- Customs Processes
- E-commerce
- EU Customs Data Hub
- Restrictive measures, crisis management, cooperation, risk management and EU Customs Authority
- Customs infringements

The 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 Presidency foresaw three regular meetings of the CUWP per month, an informal CUWP on the governance of the customs union and a High Level Seminar on e-commerce for Directors General of Customs.

The method has consisted of presentations by the Commission (DG TAXUD) of each of the defined blocks, jointly with the analysis of the part of the impact assessment referred to each block. This approach has given a broad opportunity to the Member States to express comments, concerns and doubts about the content of the proposal, giving also the opportunity to DG TAXUD to explain and give responses to these main initial concerns and preliminary doubts. The Presidency devoted the meetings on 12 and 19 July and on 7, 14 (informal CUWP), 22 and 28 of September to these presentations.

Once this initial stage was completed, the remaining meetings were dedicated to start the discussion, article by article, of the legislative proposals alternating the first two blocks; that is; customs processes (meetings on the 4 and 11 of October and on the 6 and 15 of November) and e-Commerce. The Presidency hosted and organised, together with the Commission, a High Level Seminar on e-commerce to give Directors General the opportunity to provide a high-level input on the e-commerce . After the High Level Seminar, that took place on 17 and 18 of October, the CUWP discussed e-commerce on the meetings of 25 October and 15 November.

At the drafting of this note, the remaining meetings of the CUWP and their foreseen contents are the following:

- CUWP on 22 November; customs processes
- CUWP on 29 November; EU Customs Data Hub, from an IT technical perspective
- CUWP on 4 December; customs processes
- CUWP on 11 December; EU Customs Data Hub
- CUWP on 19 December; customs processes

Main outcomes of the first discussions

Due to the length and complexity of the proposal, this first discussion has consisted fundamentally on clarifying the new elements as compared to the current situation. Member States were invited to formulate their main comments also in writing, allowing the comments made on each article to be systematically consolidated, which will facilitate the subsequent development of the discussions on this important file.

The Spanish Presidency covered the first discussion in the Council of all the articles in the block on e-commerce.
