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NOTE

From: Presidency

To: Permanent Representatives Committee/Council

Subject: *Preparation of the Economic and Financial Affairs Council of 24 May 2022*
Report by the Wise Persons Group on the reform of the EU Customs Union
- Background note

Delegations will find attached a background note from the Presidency on the report by the Wise Persons Group on the reform of the EU Customs Union, to be submitted to the Economic and Financial Affairs Council on 24 May 2022.

Background note for ECOFIN Council – Wise Persons Group under ‘Any other business’

The report entitled ‘*Putting More Union in the European Customs: Ten proposals to make the EU Customs Union fit for a Geopolitical Europe*’ by the Wise Persons Group, tasked with reflecting on the future of the Customs Union, will be submitted by the Commission to the Council of Ministers under ‘Any other business’.

Formed by Commissioner Paolo Gentiloni in September 2021 and chaired by Arancha González Laya, former Spanish Minister for Foreign Affairs, the European Union and Cooperation, the Wise Persons Group is composed of 12 experts from the public and private sectors.

While underlining the profound transformations set in motion in recent decades – some of which are still ongoing today, with the finalisation of the trans-European IT architecture accompanying the adoption in 2013 of the Union Customs Code (UCC) and the establishment of the Single Window – the Wise Persons Group notes structural limitations in the way in which the Customs Union currently functions. Those limitations are connected, in particular, with the expansion of e-commerce, an increasing range of non-customs rules being enforced by customs at borders (carbon adjustment, sanctions, deforestation, standards, etc.), evolving threats, fragmented governance and the inadequate use of data and new technologies.

The recommendations in this report focus on five main areas:

- updating data management based on a new approach by economic operators, including for e-commerce platforms, and based on a balance between increased trust and responsibility, with the aim of ensuring better risk management at European level;
- enhancing the safety and security of European citizens and consumers through better cooperation between customs, market surveillance authorities and law enforcement agencies;
- improved collection of customs duties and taxes at borders as well as increased transparency around losses in customs revenue;
- increased involvement of customs in the green transition, with regard to both their own operations and the assessment and monitoring of trade flows;
- and, finally, strengthening the governance of the Customs Union, supported by the creation of a European Customs Agency tasked with complementing the role of the European Commission and supporting the work of the Member States.

These recommendations were submitted to representatives of the Member States' customs administrations at a high-level seminar in Paris on 28 and 29 April and will soon be re-examined by the reflection group to be set up in due course by DG TAXUD with the aim of converting them into specific proposals by the end of 2022, as recommended by the Wise Persons Group.
