



## **The EU Textiles and Clothing industry position on the Revision of the European Union Customs Code (UCC)**

EURATEX, as the voice of textiles and apparel manufacturers in Europe, supports an ambitious EU trade agenda, that puts reciprocity, transparency, fair competition and equal rules at the centre of its action. It is clearly essential that the same level of market access to India – both in terms of tariff and non-tariff barriers – is available to EU producers as vice versa.

The European textiles and clothing sector is a very globalised industry, with annual exports exceeding €64 Billion and imports around €115 Billion. 38% of the industry's turnover is sold on global markets, whereby SMEs are particularly active (covering more than 50% of those global sales). At the same time, our industry is the second most globalised European sector, and exposed to extra-EU competition (Single Market Report 2021)

On that basis, EURATEX maintains its support for open EU and extra-EU markets, based on free and fair competition.

In this context, customs are crucial for the European Union's (EU) operations, acting as the primary line of defence for maintaining fair competition in the EU single market, as well as for making sure that products placed on the EU market are compliant with our regulations and standards of environmental and health safety. EURATEX acknowledges the necessity for reforming the current customs system to suit the demands of the 21st century, particularly due to the expanding array of non-financial regulations and the rapid growth of e-commerce. This reform is especially pertinent for our sector who is particularly exposed to globalisation and international competition.

To ensure that the reform aligns with contemporary requirements, it's imperative to achieve harmonization of national customs regimes within the European Union while simplifying the existing framework and reducing administrative burdens for users. Avoiding duplications and implementing seamless interoperability among various information systems, such as the Single Window Environment for Customs, is critical. Additionally, the reformed Union Customs Code (UCC) must include adequate safeguards in the EU Data Hub to protect commercially sensitive data.

Accessibility of the reform's benefits to all businesses, including Small and Medium-sized Enterprises (SMEs), is essential. SMEs, in particular, should receive adequate support and guidance to participate on equal terms. Speedy implementation, devoid of delays and complexities seen in the current system, is vital. Clear and realistic implementation timelines are thus advocated.

Here are the detailed views on specific elements of the EU customs reform package:

### **1. Removal of the EU import duty de minimis exemption**

EURATEX welcomes the proposal to abolish the import duty exemption of EUR 150 for small consignments. With the rapid expansion of e-commerce shipments in recent years, e-commerce companies are shipping millions of products directly to consumers, circumventing tariffs and customs inspections. This loophole is often abused through undervaluing consignments, which detrimentally affects European manufacturing. The "de minimis" rule has become an important factor of unfair competition over the last 15 years. **We call on the EU**



**Commission and the co-Legislators to undertake all the necessary initiative to phase out the de minimis exemption now, rather than waiting until March 2028.**

**2. Cap the bucketing system for e-commerce goods**

According to the proposal, the simplified tariff treatment for the calculation of customs duties -known as the 'bucketing system' -can be applied to imported e-commerce goods regardless of their value. Euratex recommends capping the value of consignments eligible for this simplification. Without a properly defined cap on bucketing, the new Customs Code would have a serious loophole which would create unfair competition between importers of e-commerce goods and importers of traditional goods.

**3. Uniform implementation of the new Trust & Check Trader (T&CT) status across the EU, with support provided to economic operators. AEO-C scheme needs to be maintained.**

The Trust & Check Trader (T&CT) scheme proposes a new customs-economic operator relationship, potentially benefiting companies with features like "self-assessment." However, practical implementation raises questions, particularly in comparison to existing Authorised Economic Operator (AEO) schemes. Concerns arise from difficulties companies face in obtaining AEO for Security and Safety (AEO-S) status due to operational complexities, especially for SMEs sharing facilities or facing geographic challenges. The T&CT's broader criteria could exacerbate these issues, potentially leaving companies without status as AEO-C is slated for abolition. Cybersecurity and data privacy concerns further dampen enthusiasm for T&CT. To ensure that genuine EU companies are left in a certification void, EURATEX suggests maintaining AEO-C alongside AEO-S and T&CT. Clarity on differences between AEO statuses and T&CT is crucial, as is ensuring T&CT offers tangible advantages. Therefore, it is necessary to foresee a simplification for the implementation and measurable indicators. Changes in T&CT regarding representation could inadvertently impact companies. EURATEX urges support for economic operators, particularly SMEs, in obtaining T&CT. Uniform T&CT implementation across the EU is vital for effectiveness, warranting a shift from "may" to "shall" in Article 25(7).

**4. New definition of "exporters" and "importers"**

EURATEX supports the proposed revisions of the definitions of "exporter" and "importer" in art. 21 and 22. The revised definition should aim at creating a level playing field between domestic manufacturers and importers in connection to the VAT purposes.

**5. Ensuring interoperability of the EU Data Hub with various IT systems.**

EURATEX supports the development of a centralized EU Data Hub and emphasizes the importance of digitalization to streamline processes while maintaining effectiveness. Integration of various IT systems and collaboration between customs and other relevant authorities are encouraged to enhance enforcement and protect EU consumers, EU industry and the environment. We hope that this will lead to the advancement of a uniform IT network between the national customs authorities. In particular, we hope to further reduce bureaucratic hurdles, which can be achieved by means of a uniform central IT system – which also provides national and requirements from other areas of law centrally.

**6. Regulation of authorities' access to data and provisions for data security.**



Data security is a top priority, requiring clear regulations on data access, ownership, and safeguards to minimize cybersecurity risks. To ensure harmonization and efficiency, EURATEX advocates for close cooperation between businesses and policymakers in designing the Data Hub and its features. Additionally, streamlined implementation and uniformity across Member States are crucial for the effectiveness of the reform.

#### **7. EU Customs Authority for a more effective implementation**

In past years, a significant lack of coordination and consistency in the implementation of customs regulations among Member States has been observed at multiple levels. This inconsistency can lead to inefficiencies and create vulnerabilities through which noncompliant goods may enter the EU market. Consequently, EURATEX endorses the establishment of an EU Customs Authority (EUCA) and supports its role in standardizing and enforcing daily customs operations. The new EUCA is essential for ensuring harmonization and equitable treatment across the Union.

We view the creation of this new Authority as a vital opportunity to enhance coordination among customs operations and improve the system's efficiency for businesses. To achieve this, the Commission should foster a dedicated dialogue between the new Authority and stakeholders, including industry representatives. Such engagement can help understand sector-specific needs and identify high-risk profiles, allowing for targeted enforcement and optimal allocation of resources.

#### **8. Stronger Market Surveillance**

A coordinated EU Customs Agency is crucial for robust, more effective market surveillance across the European Union. By harmonizing customs procedures and enforcement, the EUCA can close existing gaps that allow noncompliant goods to penetrate the market. This unified approach strengthens the integrity of the internal market, protecting consumers and ensuring fair competition. Enhanced coordination and information sharing among Member States will lead to more efficient detection and prevention of illicit trade, ultimately fostering a safer and more competitive economic environment within the EU.

#### **9. Establishment of a structured dialogue with stakeholders for reform implementation advice.**

The establishment of the EU Customs Authority (EUCA) is seen as pivotal for coordinating customs rules implementation and enforcement across the EU. A dedicated dialogue between the EUCA and stakeholders, including industry, is recommended in order to improve coordination and effectiveness.

In conclusion, the reform should aim at improving transparency, accountability and the efficiency of the Customs Union. The transparency guidelines should be aligned to the World Customs Organisation recommendations. New, digitalised, centralised and efficient customs processes should serve the purpose of making the market surveillance more effective, in order to protect the EU market from imports that do not comply with EU legislation.