

## REPORT

### 66<sup>th</sup> Plenary Trade Contact Group meeting 20 June 2024

On June 20, CLECAT (Dimitri Sérafimoff, Olivier Thouard in person, Eva Cartwright online) participated at the 66th Plenary meeting of the Trade Contact Group. Agenda items of the meeting covered the Customs Reform with special focus on e-commerce, Prohibitions and Restrictions, CBAM, and Any Other Business (AOB).

#### 1) Welcome and adoption of agenda

The [Agenda](#) was adopted and the meeting was opened by Mathias Petschke, Director, DG TAXUD, who welcomed participants and acknowledged the receipt of the [letter from the TCG members](#) requesting that TCG plenaries are held in person. Although he could not promise in-person participation for all upcoming meetings, Mr Petschke confirmed that the COM is seeking to accommodate the request from trade.

#### 2) Customs Reform – focus on e-commerce

Michelle Perolat, DG TAXUD introduced progress of the Commission's Customs Reform proposal, noting the favourable approach of the European Parliament and their specific suggestion to create the EU Customs Agency by 2026. She then gave the floor to **Trade Associations, who each had 5 minutes to present** the impact of e-commerce on their respective industries. Participants received the individual Trade [presentations integrated](#) with the Commission Presentations.

The **International VAT Association (IVA)** spoke of the administrative challenges, legal uncertainty and additional compliance costs for companies in VAT and Customs reporting that arise from the rapidly increasing e-commerce volumes. IVA emphasised that the interdependency between VAT and Customs is increasing and both **the VAT reform (VAT in the Digital Age – ViDA) and the Customs Reform must take a holistic approach and align** with each other as much as possible.

IATA spoke from the **point of view of legacy airlines** (i.e. not express air carriers). They highlighted the significant business volume generated by e-commerce explaining that 80% of e-commerce is transported by air and **popular e-commerce platforms account for an average of 108 Boeing 777 freighter flights daily**. This approximately means **20% of total air cargo volumes and growing** volumes Airlines are involved as carriers and are not integrated into the e-commerce processes themselves; e-commerce cargo is treated like any other cargo.

AmCham explained that e-commerce no longer means only **B2C, but C2C and B2B transactions are increasingly frequent**. Cross-border e-commerce has a complex, omnichannel environment with numerous sales and fulfilment models. Technology and automation are key, **reverse logistics** is also crucial to consider. The current return process in **the current legislation does not meet the supply chain reality and the current reform proposals also do not respond to the challenges**. There is a need for scalable, pragmatic solutions to address several challenges and for international cooperation including 3<sup>rd</sup>

countries. AmCham recommends the COM setting up a **dedicated e-commerce task force** to enable a structured dialogue with all stakeholders.

**The European Express Association (EEA)**, spoke about the challenges the express industry is facing with the rapid increase in e-commerce transactions and the decline in data quality. She called for a **clear and new definition of e-commerce** and expressed concern about the new and **increased non-fiscal obligations of customs representatives**. EEA also questioned whether the **customs empowerment** is still necessary. Given the number of clearances the express industry handles daily, there is a **need for simplifications**. EEA recommends starting a pilot to create an innovative e-commerce solution and **supports** the establishment of an **e-commerce taskforce**.

**Post Europe** spoke about the 30 to 50 million cross-border shipments handled by the postal sector annually, with more than **95% being below 150 EUR in value**. Abolishing this de minimis threshold would have a significant impact, making alternative simplifications crucial, such as mandatory IOSS, simplified clearance systems and simplification of the empowerment and return systems. Being **subject to both international legislation and EU customs law** remains a challenge for the postal sector.

**EuroCommerce** commented about the main challenges the commerce sector faces, mentioning the need for huge investments in IT and real estate (warehouses, fulfilment centres) to remain competitive. **Combining online sales with brick-and-mortar** retail outlets, the shortage of skilled staff, and third-country competitors selling directly to the EU market are additional challenges. By 2030, 90% of growth in retail is expected to be driven by online sales. For the retail sector, it is crucial that existing EU quality, safety, and environmental standards are upheld. EuroCommerce **supports** the previous proposals for the **establishment of a cross-sectoral taskforce**.

**CLECAT**, said that CLECAT members handle **mostly B2B shipments**; therefore, e-commerce has fewer implications for their sector. One effect service providers have noticed is the **increase in B2B2C** shipments, where third-country platforms request DDP clearance, and the increasing risk in this with the additional non-fiscal obligations for indirect customs representatives. CLECAT supports the reform but believes that speeding up the implementation of certain elements is counterproductive, whereas the **parts addressing e-commerce are more pressing**.

**ECSA, the European Community Shipowners' Association** told the participants that their sector is involved mostly in **short sea shipping and RO-RO**, where trucks are filled with e-commerce shipments. As with all other modes of transport, **speed is essential** for them, and with other EU regulations already complicating flows, such as ICS2, CBAM, VAT, and deforestation, **simplifications play a key role** in providing their services. He also mentioned that **UK trade** represents a large volume and urged for better cooperation and **harmonisation with UK rules**.

**ECOMMERCE Europe** (EE, a new TCG member) introduced their association as the federation of 22 national e-commerce associations, including US and UK-based ones. They presented the main findings of their annual **European e-Commerce report from 2023**, which they issue together with EuroCommerce.

During this Commission mandate over the last five years, there has been a **"legislative storm,"** with regulations coming not only from TAXUD but several other DGs, digitalising, modernising, and making the EU economy more resilient. **European companies need time to adjust to these changes** and focus must also be put on **enforcement concerning non-EU players**. Omnichannel retail solutions are on the rise (combining physical and online sales), as are B2B and B2B2C trade, and the **low-value import pressure** is significant on the market.

Overall, EE finds the reform proposal a step in the right direction to address some of the issues of e-commerce, but there are some checks and balances that need to be integrated. For example, ensuring **IOSS stability and security**, and considering the **proportionality and consistency** of the deemed importer's non-fiscal obligations. EE welcomes all forms of **trade consultancy**.

**Mr Petschke** asked for clarification on the words "proportionality" and "consistency," to which **EE responded** that several other regulations already have provisions for non-fiscal obligations. For example, the GSR regulation has a "responsible person" concept, and EE fears that these **legislative provisions would conflict with the proposed UCC regulation**. EE would prefer the **professionalisation of these already existing concepts rather than introducing new ones** via the UCC. In terms of proportionality, EE finds it **overly burdensome** for the marketplace to **mandate data collection for the non-fiscal aspects**.

**BEUC, the European Consumer Association**, shared the **consumer perspective on e-commerce**, emphasising that they are not representing economic operators nor are they customs experts. BEUC is an NGO representing national consumer organisations. **BEUC members test products** regularly and observe a definitive **shift towards the need for product safety testing**. Their findings show that a large percentage of goods entering the EU via direct online channels are unsafe, with most of these goods coming from China. BEUC first encountered customs because they wanted to see how products are controlled at the border. **BEUC sees the Customs Reform as a new opportunity and tool to address the product safety issues** they disclosed, and they point out that the proposal serves as an **inspiration for other countries** as well, for example, the US, where the current duty de minimis is 800 USD.

**Michelle Perolat, on behalf of the Commission**, thanked the Trade Associations for their presentations and said that while the Customs Reform was designed to address various issues, it is clear that an urgent solution is needed for e-commerce. She then asked about the repeated mention of the increase in C2C and B2B e-commerce transactions and **whether Trade Associations are already in contact with the Member States** regarding this, and the second about whether the participants see any **solutions to deal with the 'tsunami' of non-compliant goods** entering the EU market via e-commerce platforms.

**AmCham**, responded that the Customs Reform would be too late and that **a forum is needed** with Member States and Trade where **out-of-the-box solutions** can be discussed. The current **risk assessment** processes of the Member States are **unable to stop this 'tsunami'**, but the **removal of the de minimis threshold will be equally ineffective**. Customs must be able to stop non-compliant shippers. Most Trade representatives are also AEOs and have their own risk assessment modules, so it would be beneficial to **share information**. He mentioned an example where UPS might stop their own services in the case of deliberate non-compliance, but the same company can easily move to another service provider and continue importing. This could be stopped by **better collaboration** within trade as well as with the Member States.

**Mr Petschke asked AmCham** if there is anything that the EU can learn from the US, referring to BEUC's mention of the US considering the abolishment of their own duty de minimis. Mr Petschke understands that the US authorities are under even more pressure against this from their own service providers and asked if AmCham could provide insight. **AmCham responded** that they could not provide information at this moment but would investigate and report back to the Commission on the subject.

**Mr Sérafimoff, on behalf of CLECAT**, noted that **two-way communication between AEO-certified traders and customs authorities** could be beneficial in finding non-compliant operations. **Olivier Thouard** added that, in response to Ms Perolat's question on B2B2C traffic, he could confirm that Trade was not discussing this topic with Member States as the processes in these clearances are not new. Regarding unsafe goods

entering the market, he reminded that CLECAT warned immediately after the publication of the Reform Proposal that if customs representatives are pushed into clearing these goods for third-country suppliers, these goods will continue to enter the market unchecked, as intermediaries do not control the goods themselves. All product-related data they receive is coming from the very same 3<sup>rd</sup> country suppliers and **intermediaries have no means to verify the data received.**

**Eurocommerce expressed support for establishing a task force** at the Commission level **involving all relevant Directorate Generals (DGs)** involved in various product safety legislations, such as DG ENV, DG DIGI, DG TAXUD, etc.

**Business Europe** recommended that **non-compliant companies be penalised**, for example, by being denied AEO or Trust and Check authorisations.

**CONFIAD** recommended **raising the standards within the UCC** (i.e., not in national legislation) for becoming a **customs representative.**

**ECommerce** stated that even breaking up the Reform Proposal would not address the issues discussed earlier quickly enough. Nine of the big platforms are responsible for 90% of online trade, so we ought to be careful when imposing restrictions on all online traders, as **'one size does not fit all'**. ECommerce called for a **holistic approach involving all relevant DGs and Trade Associations.** They argued that stopping the import of illegal products **cannot be achieved by adding non-fiscal obligations or removing thresholds;** more effective solutions are needed. For example, Poland is considering geo-blocking TEMU, which might not be comprehensive but is a more immediate solution than the various regulations scheduled to come into force in the next 10 years.

**AmCham** pointed out that if the **AEO status** were more widespread and its mutual recognition worked as intended, it could be a more effective solution than trying to address the issue through the declarant or a deemed importer. The solution lies in an end-to-end view of the supply chain, where **trustworthiness must be checked first at the origin.**

**Ms Perolat responded** to AmCham by saying that the Commission is continually working on the mutual recognition of the AEO status but that this long-term effort cannot provide an immediate solution. Additionally, in their proposal, the Commission intended to retain the AEO status for Security and, through the deemed importer, to ensure that the goods comply with non-fiscal regulations. She also noted that ongoing work with other DGs is in progress and that TAXUD is closely cooperating in this effort.

**Mr Sérafimoff noted that CLECAT** supports CONFIAD's recommendation that **customs intermediaries** must be highly trained professionals. However, even with professional training, they cannot be held responsible for **non-fiscal elements.** Intermediaries need tools to validate compliance as they cannot confirm themselves what they do not control. Despite the mutual recognition of Chinese and EU AEO status being in place, problems persist clearly indicating that **it is insufficient to have compliance within the EU** when non-compliance extends beyond its borders. We have tools such as certifications, IT systems and registrations for example to enforce compliance, and we should utilise them effectively.

**Ms Perolat** confirmed that it was also the Commission's point of view that **supplier certification is certainly a way forward.**

**BEUC intervened,** agreeing that certification is a good idea but emphasising the need to distinguish its type, as **self-certification (e.g., the CE marking) is ineffective** in proving product compliance.

Regarding **geoblocking**, BEUC tried it, but it was soon circumvented, and authorities cannot implement this in a timely manner without political implications. Solutions also need to be future-proof, as none of us anticipated the scale of platforms like TEMU or Shein. Implementing **the deemed importer scheme and the various non-fiscal regulations** on importers provides a level playing field for EU traders and **BEUC fully supports these tools**. What we need to focus on now is how to enforce these regulations and how to deal with infringements. We must **avoid 'weak entry points,' so it is essential to convince the Member States as well**.

**Ms Perolat** confirmed that the reform includes a specific section addressing infringements, recommending a minimum level of sanctions to ensure harmonised enforcement.

**BusinessEurope** referred to Mr Petschke's question regarding the US, citing an example where the forced labour legislation now in force has made companies in the US much more diligent in vetting their suppliers. Many in the automotive industry had to replace their suppliers due to this regulation. BusinessEurope finds it **unfair that in a B2B relationship, the EU partner of TEMU, for example, has to comply with the CSRD and all other EU regulations, while the third-country partner does not**.

**Post Europe**, referring to Ms Perolat's question about Trade engaging with Member State administrations, mentioned a meeting at the German Ministry of Finance where experts from logistics, e-commerce, IT service providers, and consumer protection associations were present. The conclusion was very much the same as here at the TCG, namely that the problem is very complex, and so are the solutions. Post Europe asked the Commission whether a similar **expert group could be formed at the European level to work on solutions** before the legislation enters into force.

**Mr Petschke** stated that there seems to be a lot of appetite for an expert group or task force, and the Commission could certainly look into this further. However, he also pointed out that **the TCG is already functioning as an expert group**, and the Commission is taking note of the TCG members' input. The Commission is also asking questions, like the one about the US, to see if there is anything to learn from other trading nations. While they are not committing to setting up a new task force, they are grateful for the ideas that the TCG brings forward.

**Spirits Europe** reiterated their previous request, calling for strong cooperation within DG TAXUD with the Excise unit and the Excise Trade Associations when working on the Customs Reform to avoid any **issues upon implementation related to the Excise Goods**.

**Ms Perolat** responded with a confirmation that they are working closely with their excise colleagues.

**AmCham EU** asked the Commission why e-commerce received such emphasis at this TCG meeting. They inquired whether the Commission was planning another proposal and if there was a need for another legislative initiative.

**Mr Petschke** responded that there is significant pressure for a solution from the media, Member States, and, as today's discussion demonstrates, from Trade as well. It is therefore important that either regarding the Customs Reform or indeed, any other ideas we can discuss and **possibly also conclude on actions**. This does not mean that the Commission is abandoning the Customs Reform Proposal. Work in the Council continues, and the Commission hopes it progresses as quickly as possible, with the Hungarian Presidency concluding a second reading. While the Customs Reform remains a priority, e-commerce is also very high on the Commission's agenda.

### 3. Update on prohibitions and restrictions

**Mr Petschke** introduced the presenters from **TAXUD Unit A4**: Valerie Ledure, the Head of Unit, and Pierre-Yves Demoulin, responsible for Prohibitions and Restrictions (P&R). Most of P&R fall under the responsibility of sectoral DGs, with only a handful of P&R rules under the remit of DG TAXUD. The Unit A4 team ensures that proposals from other DGs with customs-related elements remain implementable by customs. Mr Petschke recommended that **EU Deforestation Regulation (EUDR) be discussed under this agenda point.**

**Ms Ledure** explained that the sectoral P&R rules are usually discussed in the sectoral trade dialogue of the relevant DGs, they came to present to this TCG to ensure coherence. The single-entry point remains always the lead DG and TAXUD only plays a support role.

**Mr Demoulin** began his presentation by highlighting the differences between the definition of Prohibitions and Restrictions (P&R) in the context of the Union Customs Code (UCC) and those defined by sectoral regulations related to security, commercial policies and sanctions, for example. In 2023, the COM identified over 350 different Prohibitions and Restrictions across the EU legislative landscape, with DG TAXUD being the lead for only a handful of them. (marked with capital letters on page 61 of the presentation)

**Mr Demoulin** then explained the reasons behind the Commission's new approach **involving DG TAXUD in sectoral legislation** and why the old system was not fit for purpose. The COM aims to exploit the customs ecosystem by digitalising and interconnecting sectoral platforms with customs systems, and generally enhancing cooperation between authorities. The future aim is full administrative transparency with tools like the digital product passport (DPP).

**A so-called "Tool 37"** is being used from the Commission's Better Regulation Toolbox, which applies across all the Commission services. The main elements of this tool are streamlining provisions, digitalisation, and enhancing cooperation between authorities. **The foundation of Tool 37 is TARIC**, which defines the scope of each legislation, usually in an Annex (except for Forced Labour, which applies to all products). The four building blocks of the tool are: **Risk Management**-using the Customs Risk Management System, **Verification in the sectoral IT system**-comparing the data of the customs declaration, **Case Management**-where the competent sectoral authority is notified of non-compliance discovered and **Sharing of Customs Information** with the sectoral authority for horizontal P&R enforcement.

**When working on a new non-fiscal initiative, the TAXUD team** assesses the needs and objectives of the sectoral DG and then explains the tools available within Customs to support these. **Sectoral DGs are required to contact TAXUD** where there is customs involvement in any new initiative.

**The A4 team** attends sectoral expert group meetings (not Customs ones). They also attend the Council negotiations and the Trilogue, presenting the Customs aspect of each new legislation. Under this new COM approach, the aim is not only to deliver specific legislation but also to **train other DG teams and extend their knowledge to the customs dimension.**

**The lead DG remains the 'one face, one voice' contact for trade**, both for the single market and international trade flows. For consistency in replies, **trade should address all questions, even customs-related ones, to the lead sectoral DG, not TAXUD.** Any questions sent to TAXUD will be redirected.



Mr Demoulin then briefly outlined the customs process within the **Deforestation Regulation, the Forced Labour Regulation and the FGas Regulation.**

**BusinessEurope** noted that during the implementation of the **F-Gas Regulation, TARIC document codes** were only published at the end of February, with the obligation to include them in the customs declaration starting from March 11, 2024. **This brought many businesses to a standstill.** They recommend **taking this as a lesson learned when implementing the EUDR**, which is currently scheduled to have a similarly tight schedule for Due Diligence Statement (DDS) registration and the DDS reference number's actual usage on customs declarations.

**The Commission's TARIC expert, Renato Lazzaroni,** responded that he did not understand why this brought companies to a standstill, as the only missing element of the implementation was data and data cannot influence software. They produced the codes as soon as they were able to, and **he is sorry if their best efforts weren't good enough.** He also mentioned that, in the case of **defence measures**, for example, the law prohibits any prior disclosure therefore **new codes are published overnight**, the mechanism surely cannot be something new for trade.

**BusinessEurope** replied that for manual entry, such a short time might be sufficient, but **to facilitate automated processes** within a customs IT system, developers need more time.

**AmCham** asked whether, when a DDS reference number is unavailable at the first point of entry for an EUDR product, **the only two options are return or destruction** of the product. **COM** responded that the **EUDR only applies to import and export**; all other customs procedures, such as customs warehousing and re-export, are exempt from EUDR.

**AmCham** then asked whether customers will need to provide a DDS for **books bought online** from third countries, since there is no de-minimis threshold in the EUDR. **The Commission** replied that they are not sure whether books fall within the scope of the EUDR and suggested that **this question should be addressed to DG ENV.** However, they confirmed the lack of a de-minimis threshold in the legislation. **AmCham** then remarked that if all such products are included, there will be two movements for each item, as they will all have to be returned.

**CLECAT** noted that despite their members managing 90% of all flows into and out of the EU, they were not included in the **trade contact group developing the EUDR regulation.** CLECAT members play an important role in communication even when they themselves are not acting as operators within the scope of EUDR. **CLECAT** then asked **how to manage the 6-month transitional period for SMEs**, during which the DDS number is not mandatory. How can service providers check whether their client is exempt during this period?

**CLECAT** also noted a **complete lack of awareness among traders** about the regulation, exacerbated by the fact that the Implementing Act (IA) has still not been published. Service providers want to avoid a situation similar to the one that arose with CBAM, where clients only learned about their obligations at clearance. **CLECAT emphasised** that the July publication of the IA is essential **communication efforts must be ramped up** by both the Commission and Member States.

**ECSA** raised concerns about the **lack of awareness regarding the EUDR among national Customs Administrations.** ECSA members reported that when seeking information, these administrations seemed unaware of the EUDR implementation details. **SMEs are particularly affected.** ECSA worries about the

looming deadlines and potential supply chain disruptions as EUDR goods remain uncleared on ships due to insufficient information and testing periods.

**CEFIC supported BusinessEurope's** request for more time to update the customs codes of the FGas regulation and recommended using the existing **EU Trade Portal for FGas** registration to avoid duplication. They thanked the Commission for incorporating FGas regulation into the **Single Window** environment. Regarding Deforestation, CEFIC inquired about the **integration of the Deforestation** DDS request into the customs systems or if it would need to be manually added to customs declarations.

**PostEurope** highlighted that, according to the current EUDR legal text, **business letters** would also be subject to EUDR, questioning if this was the Commission's intention since letters are governed by international/UN legislation and **should be exempt**.

**APPLIA expressed dissatisfaction** about the **FGas additional measure codes** being published on a Thursday evening and becoming applicable the following Monday. Unlike other measures, these codes concerned calculated values. Many companies have integrated invoicing and delivery systems with customs systems, either their own or their agents'. These **systems could not be updated to calculate values automatically** until the codes were published. They inquired whether the Commission was aware that some Member States could not implement these codes in their test or production systems. **APPLIA firmly requested** the Commission to provide more time between the publication and implementation of such codes.

**Referring to questions on EUDR, Ms Ledure** confirmed that the COM is in regular contact with National Administrations and they have all the available information. Regarding other questions that relate to the scope of the EUDR they are **unable to give answers on the spot, and asked participants to send them in writing** then TAXUD would liaise with ENV to address them. **EUDR Guidelines are FAQ updates are in the pipeline**. Should any participants be interested in more involvement ENV might also consider extending their Trade Contact Group.

**Regarding the TARIC issue** Ms Ledure confirmed that the concerns were heard by the COM.

**Mr Petschke** encouraged participants to **send their questions in writing** and confirmed that TAXUD remains open to inter-sectoral cooperation at their own TCG.

#### **4. EU Single Window Environment for Customs (EU SWE-C)**

**The COM presentation** explained how the Single Window (SW) IT system links the 27 national customs systems with non-customs IT infrastructure and translates administrative decisions made in non-customs regulatory environments into customs decisions, while coordinating different data models. The 2022 Single Window Regulation established the legal framework, the deadline for completion is 3 March 2025. The SW Delegated Act (DA) defines the formalities, data elements, and sets dates for the interconnections. The SW Implementing Act (IA) describes how the system works, and its annexes detail the data conversion and decision alignment between domains as well as the mapping of the data. **Both acts are due** to for adoption **by the end of 2024**.

The SW DA is the vehicle by which **the scope of the SWE can be extended**. Page 75 of the COM presentation contains the list of SW connections and their current development status. New regulations can be added, CBAM has just been added in the DA, for example. Currently, 15 MSs are using the SW system; **by March 2025, all MSs are expected to be operational**.



## 5. CBAM

**The Commission provided** an update on the current status of CBAM implementation and responded to questions from [a recent letter](#) jointly submitted by TCG members, including CLECAT.

Addressing the question on **extending the use of default values (DVs)**, the Commission reiterated its previous stance, emphasising that data accuracy would be compromised without DVs and that the base regulation cannot be amended at this stage. They urged the trade sector to make every effort to obtain accurate data and assured that penalties would not be imposed during the transitional period. A note will be issued to the National Competent Authorities (NCAs) providing guidance on penalties, which will be shared with the trade sector once available.

Regarding **exemptions for small importers**, the same legal constraints apply. For the definitive period, the Commission will consider this option, but further analysis is needed to prevent potential circumvention.

In response to the question about a **new minimum threshold**, the Commission is exploring possibilities for the definitive period, with some analysis already underway.

On the topic of **third-party reporting**, the Commission confirmed that while changing this again would require an amendment to the base regulation, they are sympathetic to the arguments presented by the trade sector and an assessment is ongoing.

Regarding **participation in the expert group**, the Commission explained that the required expertise for these groups is highly technical, focusing on the verification and calculation of emissions. Their meetings with production associations are equal in number to those with trading associations.

**The Commission** then provided volumetrics for the first and second reporting periods and outlined the ongoing legislative work. There are twelve different Implementing and Delegated Acts to be adopted by Q2 2025, with six of these by Q4 2024.

**AmCham** inquired about the percentage of reports filed. **The Commission** stated that, in terms of volume, the percentage is much better; however, in terms of the number of reports, quite a few small reports are missing. The Commission's current strategy is to **reach out** via the NCAs to the EOs with the **top missing volumes**, particularly where the data on the customs declaration most differs from the CBAM reporting. Until the end of July there is still time to file reports retrospectively.

**Walter von Der Meieren** then expressed his personal appreciation for the Commission's willingness to consider some of the suggestions presented in the joint industry letter. However, he said that **this situation could have been avoided if the Commission had listened to the trade sector earlier**. He then inquired about the timeline for these changes, to which the Commission responded that they could not provide one.

**Mr Thouard on behalf of CLECAT** inquired about the percentage of declared carbon emissions. **The Commission responded** that most declarants are overshooting their estimates and that **95% of them are using default values**. The exception is the cement sector, where good regulation for emission tracking is already in place, resulting in 40% of their reports containing actual values.

**Mr Thouard noted** the **still high level of unawareness about CBAM** and asked for confirmation that DVs can be used during the definitive period. He emphasised that for several economic operators, using DVs with a markup remains a preferable option to the administrative burden of reporting. **The Commission**

confirmed that this option is available, and new DVs per country will be published by mid-2025, as per Annex 4, point 4.1 of the CBAM regulation.

**Mr Thouard** also explained technical issues with split clearances, to which the Commission requested that the question be submitted in writing. Regarding awareness, the Commission asked for Trade's assistance in raising it, as by 2026 all declarants must be authorised, and customs will refuse entry of CBAM goods for those who are not.

**CONFIAD** enquired about the direct **data provision of 3<sup>rd</sup> country installations into the CBAM registry**. Would this not mean that this will eliminate the need for sharing this data with their EU partners? Would the COM consider verification of these installations as a simplification for representatives who then could advise their clients to either obtain the verified emission values from such installations or use the Default Values and pay more?

**The COM explained** that the 3<sup>rd</sup> Country operator's portal will hold 2 types of data, one is the business sensitive data visible only to the COM. The second type is the data on the emission values of the given installation which, by referring to the Installation 's ID, all declarants buying from this installation will be able to access and use.

**Mr Sérafimoff on behalf of CLECAT** noted that overall awareness of CBAM is not helped by Customs Authorities considering their obligation to inform importers fulfilled by merely **including this notice in the TARIC**, as companies using intermediaries do not use the TARIC. He also urged the Commission to provide a more concrete indication—"the sooner, the better"—on whether **third-party reporting** will be an option. Customs intermediaries are currently facing the decision of whether to refuse clients who are unable to provide emission values. **The Commission** confirmed that they, along with the National Customs- and Competent Authorities, are aware \*of the insufficiency of the TARIC notification. Regarding Customs Representatives, the Commission is unable to provide more concrete information at this time but **invited Trade Associations to share their arguments**.

**The International VAT Association (IVA)** noted that some of their members consider the use of DVs as the only option for representing importers as direct customs representatives. They also asked **whether the price of CBAM certificates need to be calculated into the customs value of goods for VAT purposes**.

**The COM responded** that in the definitive period importers can only use verified emission values, which might make the above mentioned **DV ultimatum of the indirect representatives redundant**. **The COM** could not confirm whether the CBAM certificates will be subject to VAT and **asked for the customs value question to be submitted in writing**.

## **6. AOB / ICS2 and PoUS**

**AmCham** summarised the issues raised with the Commission in a recent dedicated meeting concerning the problems with ICS2, urging the Commission to **reach out to Member States and request leniency for compliant operators** until the system is fully operational. They highlighted that the system is currently plagued by frequent outages, lack of stability, support and long response times. AmCham also called on the Commission to carefully **assess the impact of adding R3 volumes** to the current R2 volumes, fearing further disruption due to the added pressure on the already unstable system.

**AmCham** raised concerns about the performance of ICS2, which also brings into question the functionality of the EU Data Hub (EUDH). They proposed that the Commission engage in an external study to examine the technical and functional elements of the Data Hub.

**The Commission responded** that a technical study is not necessary at this stage. They assured that the development of the EUDH will be done in close collaboration with MSs and Trade, starting with the functional specifications of the concept. The Commission noted that the EUDH will not be constructed by them but by the new EU Customs Authority. Development will follow current practices, with experts from MSs and Trade being invited to participate. **To the concerns on ICS2 the COM encouraged TCG members to send actual examples of problems.**

**AmCham asked** whether the National Systems would be phased out entirely with the introduction of the EUDH. **The Commission responded** that maybe they would be able to answer this by the end of this year.

**The World Shipping Council (WSC)** echoed AmCham's concerns about ICS2 Release 3, noting that due to numerous issues with Release 2, Release 3 is suffering from a lack of attention. WSC members are sending in R3-related technical questions daily through all available communication channels, but they remain unanswered. The critical **Maritime Operational Guidance** remains unpublished, despite the expert group concluding their work on it in June 2023.

**ECSA** inquired about developments on the Road Multiple Filing data model and if the COM would already have a timetable, to which the COM responded they did not have one yet.

**On ICS2 R2 and R3 the Commission** proposed another dedicated exchange with Trade.

**Business Europe** asked about the status of the former Trade Request on **System to System (S2S)** connection within the **PoUS system**.

**The Commission** responded that there has been no significant change in the past three months. They are evaluating the possibility of providing this solution with the Phase 2 release in August 2025. However, this cannot be promised at this stage as the costing of the development is not yet done nor approved. **The Commission invited Trade to offer workarounds.** They assured that many known errors will be fixed in the August 8 release of the PoUS system. The system is becoming more mature, and it is **regrettable that Member States are still using the paper system.**

**BusinessEurope** suggested that to aid the management decision on S2S investment, the PoUS team should provide statistics on the **current usage of the system**, which amounts to about **5-10%** of all proofs issued.

**EuroTradeNet** raised an issue about the **Vietnam certificate of origin** and the possible utilisation of the REX system within this FTA. Vietnam has not implemented the self-certification regime and EUR1 issuance is very cumbersome. ETN asked the Commission to support Trade in encouraging their Vietnamese counterparts to implement Article 15 of Protocol 1 of the FTA.

**The Commission** confirmed that they are aware of the issue, but according to the FTA, self-certification is not an obligation but an option for Vietnam. DG TAXUD colleagues are nevertheless raising this at meetings and pushing for implementation, which **would not be in REX** but in a separate Vietnamese-developed system.

**The meeting then was closed by Michelle Perolat**, confirming that the next TCG plenary is scheduled for **26<sup>th</sup> September** and so far it is planned as an online meeting only.