

Tobacco Europe position on the Customs Reform

Tobacco Europe AISBL¹ represents the common views of major European-based tobacco and nicotine products manufacturers which includes British American Tobacco (BAT), Imperial Brands (IMB), and Japan Tobacco International (JTI).

We welcome the customs reform and would like to present our preliminary position that follows the guiding principles of a collaborative mindset across jurisdictions and organisational siloes, common standards, interoperability between systems, a data-driven culture, and flexibility to learn and adapt. The proposed near-term solutions are fully in line with the conclusions of the Wise Persons Group report and the EU Commission's proposal.

We also believe that a greater collaboration between the private and public sector (EU customs and law enforcement authorities) can benefit the process for reforming the Union customs legislation and drafting the revised Delegated and Implementing Acts of the modernised Union Customs Code.

Our Key Points

- **Removal of the customs duty 'de Minimis' threshold:** e-commerce has created new distribution channels for illicit and counterfeit traded goods. A decrease of the customs duty 'de Minimis threshold' can contribute to the reduction of the illicit trade supply chains. We therefore welcome the EU Commission proposal to remove the EU 'de-minimis' threshold and we call on the EU Member States and the EU Commission to implement this recommendation as soon as possible. The EU Customs Reform proposal also introduces a simplified customs tariff for business to consumer (B2C) online transactions. We support the exclusion of tobacco products subject to harmonized excise duty. However, Chapter 24 of the CN contains products which are either tobacco raw materials (not subject to excise duty, but with a high risk from an illicit trade perspective) or products subject to non-harmonized excise duty in various EU Member States. The reference to Chapter 24 in the Bucket E of Annex I, Part One, Section II "Special Provisions" seems to indicate that raw materials for tobacco products and products subject to non-harmonized excise duty from Chapter 24 of the CN can be imported into the EU using the B2C simplified tariff. We would have preferred that the entire chapter is kept out of the simplification's mechanism put forward by the Commission for B2C ecommerce transactions, but at the same time we acknowledge this may be solved if an updated Tobacco Excise Directive will come into place and which will very likely include most products from chapter 24.
- **Creation of the EU customs data hub and customs digitalization. The EU Commission in collaboration with the EU Member States and the private sector** should evaluate and determine the new and emerging technologies which support the customs union in controlling the safety and security risks associated with e-commerce. These new and emerging technologies may include blockchain and artificial intelligence (AI) solutions. In addition, a solution to connect existing EU IT systems (such as track & trace) to the EU customs data hub should be put in place.

¹ <https://www.tobacco-europe.eu/>



- **Trust & Check Trader and Trusted Supply Chains:** will benefit the EU companies and provide further simplifications from customs formalities. The concept of “self-assessment” and the change of EU customs approach from “transaction-based” to a “process-oriented” system can benefit EU companies. Although self-assessment concept is provided under UCC, this has not been fully implemented across the EU. Therefore, we believe that the Trust & Check Traders should be able to benefit of ‘self-assessment’ as soon as possible and not later than 2028. The customs simplifications such as centralised clearance should be made available for Trust & Check Trader and Trusted Supply Chains dealing with excisable goods.

Tobacco Europe will provide further details elaborating on the key points shortly. Meanwhile we wanted to share our initial views on the proposal. We remain available to provide you with further clarification if needed.