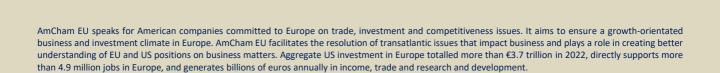# Strengthening e-commerce: Leveraging data and technology for a safe, transparent and competitive ecosystem

American Chamber of Commerce to the European Union
Speaking for American business in Europe

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Executive Summary

E-commerce has significantly transformed global trade, fostered innovation and offered consumers convenience and accessibility. However, the rapid increase in low-value consignments shipped directly to consumers presents challenges for customs enforcement, fair competition and consumer safety.

The American Chamber of Commerce to the EU (AmCham EU) supports a modernised yet effective regulatory framework that ensures fair competition, enhances enforcement capabilities and leverages data and digital tools for smarter customs supervision. We advocate for a risk-based approach that maintains speed and efficiency in customs operations while addressing non-compliance, counterfeiting and undervaluation.

The European Commission in collaboration with the private sector should evaluate and determine whether emerging technologies can support the customs union in controlling the safety and security risks associated with e-commerce. These emerging technologies may include blockchain and artificial intelligence (AI) solutions.

To tackle the challenges of e-commerce (particularly illicit trade), the public and private sectors must collaborate on further harmonising and strengthening standards, as well as improving the digital literacy of customs authorities' staff by investing in highly specialised skills and tools. The mission of customs is expanding with an increasing demand for greater facilitation and acceleration of legitimate trade, protection of EU citizens against financial and non-financial risks and defence of EU businesses against fraud. Taking the right actions now will ensure that customs authorities will be able tackle the challenges of the future.

Closer collaboration between the private sector (businesses) and public sector (EU customs and law enforcement authorities) is necessary. Together, we can:

- Achieve a more coherent and stronger Customs Union.
- Address the challenges brought about by the growth in e-commerce and the fight against criminal networks and fraud.
- Establish policies and solutions that are effective in addressing e-commerce challenges (including illicit trade) and safeguard both EU citizens' interests and the economic competitiveness of EU businesses.

This position paper outlines key considerations for customs reforms, enforcement mechanisms, digital innovations and international cooperation to establish a sustainable, fair and compliant e-commerce ecosystem. Through increased collaboration with technology and trade experts from the private sector, authorities can drive coordination and trust across the trade ecosystem and create an environment that fosters industry innovation.

Introduction

E-commerce is a driver of economic growth and digital innovation, benefiting businesses, including SMEs, with expanded market reach, as well as consumers across the EU with greater choice, competitive pricing, convenience and accessibility. However, current customs systems and authorities

are struggling to effectively manage the exponential growth in small consignments, leading to enforcement gaps, unfair market conditions and regulatory inefficiencies.

AmCham EU supports measures that balance regulatory oversight with trade facilitation, ensuring a fair and competitive marketplace. This paper highlights areas of concern and proposes targeted reforms in customs procedures, enforcement mechanisms, digital solutions and international cooperation.

Customs reforms

UCC Reform

The proposed EU customs reform presents a significant opportunity to create a more data-driven, secure and efficient cross-border trade environment, strengthening the EU's position in global commerce. While AmCham EU fully supports these goals, the reform's importance extends further by strengthening enforcement mechanisms and addressing market distortions caused by operators who bypass current regulations and put law-abiding businesses at a disadvantage.

To achieve its intended goals, the reform requires successful implementation and revision of several critical components. More efficient and simplified customs processes must be established, alongside enhanced systems for VAT and customs duties collection. Additionally, optimised postal and courier operations need to be developed, complemented by the implementation of the centralised EU Customs Data Hub platform. Such a comprehensive overhaul promises to establish fair competitive conditions across all business models and trading platforms – irrespective of where companies are based – ultimately fostering a more equitable and transparent trading ecosystem. We see opportunities for targeted revisions and improvements in the following areas:

- **The establishment of a centralised EU Customs Data Hub** for improved risk analysis and pre-arrival screening. The EU Institutions and Member States must, however, take into account lessons from the suboptimal deployment of the UCC Work Program, which resulted in economic damage to compliant operators and created unpredictability and discrepancies in the application of the law across different Member States.

- **A European Customs Authority (EUCA)** to harmonise enforcement and streamline operations across Member States. The EUCA should closely cooperate with other enforcement agencies (eg OLAF) and develop a comprehensive regulatory framework for targeted enforcement across the EU. In addition to supporting risk assessment, the EUCA should also guarantee consistent application of customs law across all Member States and provide clear engagement channels for economic operators. A closer cooperation with businesses can help authorities determine innovative solutions to address the many challenges to customs risk management and to develop a targeted approach to manage the growth in e-commerce traded goods. In addition, the current cooperation between customs authorities within the EU, as well as with non-EU trading partners, can be expanded upon even further to address the need for clearer rules and more effective procedures that deal with the growth in cross-border illicit trade via e-commerce, and particularly the trade in excisable goods.

- **Proportionate and balanced marketplace deemed importer requirements.** It is necessary to have a robust, yet proportionate responsibility framework concerning non-fiscal responsibilities for EU-bound imports. However, current deemed importer provisions are

often impractical and difficult to enforce, especially for entities operating outside the EU. Over the last five years, the Commission has already developed a comprehensive framework specifically tailored to e-commerce imports, structured around the 'responsible person' concept outlined in the General Product Safety Regulation. This established model strikes an appropriate balance between marketplace obligations in facilitating seller compliance and maintaining proportionate regulated responsibilities. Instead of creating duplicate obligations, we propose reinforcing the existing responsible person framework. This could be achieved through professional accreditation, improved verification systems and enhanced coordination in market surveillance. Such an approach would promote comprehensive supply chain transparency while acknowledging the diverse nature of e-commerce business models, where legitimate retailers and marketplaces often do not physically handle products. Improved data sharing and due diligence requirements across all market participants are important. These should be implemented through balanced obligations that recognise different business models and existing regulatory structures. By concentrating on enhancing established mechanisms rather than introducing parallel systems, we can achieve better compliance and accountability while maintaining fair competition across all sales channels. This strategy would ensure customs authorities have access to necessary compliance information without introducing unnecessary operational complexities or disadvantaging particular business models. It aligns with the goal of creating a more efficient, transparent and equitable trading environment within the EU.

Non-discriminatory handling fee on e-commerce imports

While industry appreciates the Commission's EU-wide approach to addressing the administrative burden associated with processing low-value consignments, there are significant concerns about the implementation and potential unintended consequences of the proposed handling fee structure. The structure could have a disproportionate impact on lower-value shipments and essential items, which could impede commercial flows and increase economic pressure on European households, especially in the current inflationary environment.

While a customs handling fee could help address specific compliance challenges, it should be carefully targeted to avoid burdening legitimate trade flows. The fee structure should exempt compliant economic operators, particularly IOSS-registered traders who opted into the system with the understanding of no additional import costs, as well as AEO-certified businesses. By focusing the fee on specific trade lanes and operators of concern, the measure can better achieve its intended objectives without creating excessive burdens on compliant businesses and consumers.

To address these concerns, the EU should consider a handling fee relief within the context of trusted trader simplification measures. This approach would incentivise operators to demonstrate high levels of transparency, data traceability and cooperation with customs authorities, while enabling more efficient allocation of enforcement resources. Such a system could help mitigate potential price increases for consumers and reduce compliance costs for responsible traders.

The Commission and Council should conduct a comprehensive impact assessment that examines the cumulative effect of tariffs and handling fees on consumer prices and trade flows. This assessment should ensure that any policy measure maintains transparency, predictability and fairness for all legitimate economic operators. By taking this approach, the EU can work towards a solution that

balances the need for effective customs processes with the importance of maintaining an open and competitive trading environment within the EU.

Customs Priority Control Area (PCA)

We endorse targeted customs controls for e-commerce imports. PCAs should:

- Be based on risk assessment, ensuring legitimate trade remains fluid.
- Strengthen coordination between customs and market surveillance authorities.
- Provide data-driven insights to enhance enforcement efficiency.

At the same time, the current PCA proposals can be enhanced to ensure that any new process does not lead to unnecessary administrative burden. Policymakers should offer further details on how PCAs will operate and provide clear guidelines to differentiate genuinely high-risk consignments from legitimate, low-risk shipments. This clarity will be essential for promoting consistency across Member States and avoiding unintended disruptions to trade.

Currently, most of the risk intelligence in the EU happens at the Member State level. To address the challenges related to e-commerce (including the excisable goods trade), EUCA, Member States and DG TAXUD should incorporate a real-time Inspection Feedback Loop.

This entails using findings from physical inspections to recalibrate the existing risk-management rules and algorithms, both at EU and Member State level, and evolving from a deductive to a prescriptive risk management model.

The EU data hub is a step in the right direction. However, we recommend following the Circular Risk Management Process to ensure its correct implementation. The steps outlined below are to be repeated in a loop with a systematic recalibration of the risk management process from a linear to a circular process:

1. **Context:** Gather risk intelligence using a plethora of data sources available to Customs (eg declaration data, trader data, tax data) to gain a deep understanding of the stakeholders and trade context.
2. **Identify:** Identify for which purpose the gathered data can be used. Once the data sources are examined, they can be ingested into a data ecosystem out of which the risk intelligence team can derive insights for the development of new risk models.
3. **Analyse:** A decision engine then performs the risk analysis at the transaction, trader and supply chain levels.
4. **Assess:** Based on the analysis, the engine assesses whether risk interventions are required.
5. **Control:** The decision engine generates recommended actions and notifies the relevant parties (intel officer, Member States, etc). This feedback is internalised for future reference.
6. **Audit:** Post-Clearance Audits are performed by customs to verify the accuracy and authenticity of declarations and adherence to customs regulations. Lessons learned are taken from inaccurate clearances to evolve the risk model.
7. **Enforce:** Customs officers can take the recommended risk intervention/mitigation actions, choose an alternative action based on their expertise or escalate to specialised teams. The actions undertaken, such as customs seizures and associated penalties, will be used to recalibrate the existing rules and algorithms.

The Dutch proposal on warehouses (B2B2C model)

The Netherlands' proposal to move e-commerce flows from direct B2C shipments to B2B2C customs warehouses represents a welcome step toward encouraging bulk inventory imports. While the proposed customs warehouse procedure offers one pathway, exploring additional mechanisms to incentivise traditional EU warehouse fulfilment models could further enhance this objective, without arming already existing and legitimate trade flows.

However, the proposal's interaction with existing frameworks requires thorough examination, particularly regarding compatibility with the proven VAT-IOSS system implemented in 2021. While the customs warehouse concept offers potential benefits (eg better compliance monitoring, reduced customs workload at entry points and bulk inspections for safety and quality), its implementation should complement rather than replace current systems that have successfully generated substantial VAT revenue and align with the VAT in the Digital Age agreement.

Modern e-commerce operations present complex inventory management scenarios where B2B and B2C channels often intersect. The proposed warehouse model would need to accommodate this reality while avoiding unnecessary infrastructure duplication for compliant operators. Additionally, the model should carefully consider potential market impacts and associated costs that could affect both businesses and consumers.

The proposal's emphasis on physical bulk inspections raises questions about efficiency in an increasingly digital trade environment. A more forward-looking approach would integrate data-driven customs procedures with early-stage risk assessment capabilities. This would help prevent unsafe products from reaching EU territory while maintaining efficient trade flows.

The EU should consider instead an integrated approach that:

- Maintains multiple compliant trading channels (allowing both express shipments and bulk warehousing) to preserve business flexibility and consumer choice.
- Strengthens existing compliance frameworks, including the Responsible Person mechanism under GPSR.
- Implements smart, data-driven risk assessment protocols.
- Ensures compatibility between existing successful systems and new warehousing concepts.

Before proceeding with implementation, a comprehensive impact assessment would help ensure that any new system enhances rather than disrupts existing trade facilitation while meeting legitimate control objectives. Policymakers should also consider a clear set of operational guidelines that distinguish between express and bulk consignments. The focus should remain on building upon successful existing frameworks while addressing genuine concerns about customs control and trade facilitation.

This measured approach would help achieve the desired improvements in customs control while preserving the efficiency gains made through current systems.

Overall enforcement of existing rules

Resources and finances for enforcement

National customs authorities should take full advantage of existing legislative provisions, risk-based systems and technology-enabled solutions (e.g., pre-arrival data, enhanced targeting and profiling techniques and real-time information sharing with other agencies) to ensure effective and consistent enforcement. By using current digital platforms, cross-border cooperation mechanisms and robust market surveillance already mandated under EU law, customs can better identify, intercept and prevent non-compliant goods from entering the Single Market – all while minimising disruption to legitimate trade.

National customs and market surveillance authorities require increased funding and staffing to manage rising e-commerce volumes.

DG TAXUD and EUCA should reinvest part of the revenue from the collection of import into customs enforcement and risk analysis technologies.

Harmonisation and cooperation between authorities

Customs authorities must enhance collaboration with market surveillance agencies, OLAF and European Public Prosecutor's Office to ensure non-compliant goods are identified before reaching consumers.

Standardised risk profiling tools should be developed to harmonise enforcement across the EU.

Collaboration with surveillance cybersecurity authorities is also key. For instance, the US Customs and Border Protection (CBP) agency has set up a Data Science Division to improve its border monitoring capabilities by leveraging technology for faster risk detection. They intend to leverage data retrieved from ground sensors, video surveillance systems and aerial platforms and to use Machine Learning capabilities for algorithmic targeting and situational awareness improvements. These methods allow the CBP to classify risks more quickly, identify what's coming before it gets to the border and intervene as needed.

These capabilities exist at the national level but are fragmented and usually operate beyond the cross-border trade context. The EU therefore needs to establish a central EU capability with a focus on cross-border trade to complement and collaborate with the existing national capabilities. In addition, the EU could collaborate with its industries for their technological expertise, thereby enhancing the customs staff's digital literacy and ensuring the correct implementation of surveillance technologies.

Digital tools

There is a wide range of digital tools that could be leveraged to support the customs union in controlling the safety and security risks associated with e-commerce, including:

- **The Digital Product Passport (DPP):** Ensure full implementation for high-risk product categories to improve traceability and compliance checks.
- **AI and Data Sharing**: Leverage AI-powered risk analysis and integrate databases (eg Safety Gate, Customs Risk Management System) for better detection of non-compliant goods.
- **Blockchain for supply chain transparency**: Explore blockchain solutions to combat counterfeiting and enhance product verification.

Trusted trader programmes to enhance consumer awareness and trust

The EU should establish a comprehensive framework of simplification measures potentially linked to VAT IOSS registration. Traders who maintain IOSS registration, among other measures, would benefit from streamlined customs procedures, faster clearance times and reduced documentary requirements. This framework should incorporate relief from the proposed handling fee for trusted traders who demonstrate consistent compliance and data transparency, creating a clear incentive for participation in the program.

These simplification measures should extend to traders utilising warehouse models, offering expedited clearance for bulk shipments from verified trusted traders. This approach would encourage legitimate traders to adopt more efficient, transparent practices while enabling customs authorities to focus resources on higher-risk shipments.

Moreover, an EU-wide 'trusted marketplace' certification program should be established, building upon successful initiatives already implemented at the Member State level, such as the various quality mark systems operating in the Netherlands. This certification would provide consumers with a clear, recognisable signal of marketplace compliance and reliability.

Digital solutions should be developed to enhance consumer protection, including tools that can alert shoppers when they encounter products matching known non-compliant items. These solutions would tap into existing enforcement databases to provide real-time warnings and verification capabilities. Comprehensive educational campaigns would help consumers understand the risks of purchasing from non-compliant sellers and provide them with resources to verify marketplace legitimacy.

To further protect consumers and market integrity, targeted website blocking measures should be implemented for platforms known to sell counterfeit or non-compliant goods. Through collaboration with internet service providers, authorities can restrict access to repeat offenders, similar to existing practices for copyright infringement. This approach would significantly reduce the flow of non-compliant shipments, thereby alleviating pressure on customs screening operations while reinforcing market integrity through consumer-focused intervention.

This two-pronged strategy, combining trader incentives with consumer empowerment, would create a more robust and compliant e-commerce ecosystem while reducing the administrative burden on customs authorities.

International cooperation

Like-minded partners, like the EU and US, should collaborate to share best practices in e-commerce regulation, customs enforcement and digital trade facilitation.

Joint initiatives between the EU and third-country regulators (eg China) should promote compliance training and best practices for exporters targeting the EU market.

Conclusion

AmCham EU strongly supports modernising customs procedures to address the challenges posed by rising e-commerce volumes. By harmonising enforcement across Member States, improving transparency and data-sharing through digital tools and reinforcing cooperation among customs authorities, online retailers and marketplaces and international partners, the EU can effectively tackle non-compliance while preserving the fluidity of legitimate trade.

A balanced approach – one that embraces risk-based controls, respects free trade principles and allocates adequate resources, combined with efforts to enhance consumer awareness and trust – will ensure that consumers benefit from convenient online shopping, businesses operate on a level playing field and regulators maintain the integrity of the Single Market. Through continued dialogue and collaboration among all stakeholders, e-commerce can remain an engine for growth, innovation and consumer confidence in Europe.