

**COM/2023/258 Proposal for a Regulation establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013**

**Consultation Response - Consumer Council for Northern Ireland**

**Impact of EU Act**

**1 Does it appear likely that the proposed EU act would have a significant negative impact specific to everyday life of communities in Northern Ireland in a way that is liable to persist?**

Unsure

**Tell us why:**

The Proposal for Regulation establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013 is still in development therefore much of the detail is still unclear. Taking this into the consideration the Consumer Council has highlight some areas we believe should be considered by the Committee.

The proposed EU Act sets out customs reform to address the challenges of e-commerce transactions, namely by way of removing the 150 Euros customs duty exemption. This change will remove the current exemption from customs duty for goods valued below 150 Euro and will impact consumers when purchasing goods from outside the European Union. Our understanding is that this Act aims to address the increasing volume of low value goods imported from third countries via distance sales and as a result, there is a proposal that customs duty will be due on all third country imports into the European Union (EU), regardless of value.

While this Act will be applicable in Northern Ireland, it is the Consumer Council's understanding, that customs reform would not remove facilitations brought into effect under the Windsor Framework, therefore this Act should not impact GB to NI parcel arrangements. The proposal suggests that the removal of the 150 Euro customs duty exemption may create a slight upwards price pressure for consumers of goods worth below that amount. There is no clear indication of what these upward price pressures may mean for consumers in Northern Ireland nor the volume of parcels that this may apply to.

These proposals are at an early stage therefore the impact on Northern Ireland consumers' is unclear. Further detail is needed on the proposed customs duties that would be applicable under this Act. The Consumer Council have statutory remit in postal services in Northern Ireland and engages regularly with Royal Mail and HMRC. If

these new proposals are implemented in Northern Ireland, the Consumer Council will conduct research on parcel movements to monitor any consumer impact.

**2 Does it appear likely that NOT APPLYING the proposed EU act would have a significant negative impact specific to everyday life of communities in Northern Ireland in a way that is liable to persist?**

Unsure

**Tell us why:**

The proposed EU Act aims to:

- Reduce and simplify import process steps, clarify the responsibilities of importers and exporters, and provide a simpler duty calculation approach.
- Provide more transparent and predictable processes, alleviating the current experience of unexpected charges and delays
- Provide better and more visible protections from the consequences of harmful and fraudulent products because of an improvement in the detection of harmful supply chains.

Theoretically these proposals should enhance Northern Ireland consumer protections when ordering low value goods imported from third countries via distance sales. This aligns to our guiding consumer principles of safety and information, providing consumers with accessible, accurate and useful information regarding goods and services.

In principle the Act proposes a simpler process for Northern Ireland consumers when purchasing goods from outside the European Union. However, these proposals are at an early stage and the impact on Northern Ireland consumers is unclear.

**3 Are there any other matters regarding the proposed EU act that you wish to draw to the Committee's attention? Please note, any information provided should be of an evidential nature rather than a commentary.**

Unsure

**Tell us why:**

The proposal states that:

- The removal of the 150 Euro duty exemption may put an end to the practice of splitting orders of a high value into several consignments lower than 150 Euro to profit from the duty exemption.
- The removal of the 150 Euros customs duty threshold may create a slight upwards price pressure for consumers.

We would like more information to understand how this proposed change may work in practice and the impact on consumers in Northern Ireland. We would also like to understand what other options have been considered.

We have carried out extensive research over the past number of years which highlights consumer experiences, issues and concerns regarding postal services in Northern Ireland.

From our latest consumer research 'Study on the impact on consumers of changes to Royal Mail's Universal Service Obligation' we have found that consumers in Northern Ireland are generally concerned about the cost of postage. Further detail is needed on the proposed customs duties that would be applicable under this Act, and the affordability of any charges, particularly for vulnerable consumers – low income, elderly, long term sickness or disability and rural consumers.

The Consumer Council monitors quarterly household income and expenditure through our Northern Ireland Household Expenditure Tracker. Between October and December 2024, our lowest earning households:

- Had a total household income per week before tax of just over £291.59, which is 6% lower than the UK average.
- Had just under £53 per week after paying taxes and paying for essentials, which is 18% lower than the peak of Q1 2021, of just over £64.
- Spent almost half (47.9%) of their total basic spending on food and non-alcoholic beverages, housing, water, electricity, gas and other fuels, and transport.
- Are more reliant on social securities, with 70% of income coming from benefits compared to 61% for lowest earning households in the UK

Based on our research findings, we would like to fully understand what the financial impact of implementing the EU Act, and the removal of the 150 Euro duty exemption, may be on consumers in Northern Ireland.

To ensure that the Northern Ireland consumer interest is appropriately represented, we would also like to understand the process of monitoring any implementation of the EU Act, and the process of recording any issues experienced by Northern Ireland consumers when purchasing goods, post implementation.

This aligns to our leading consumer principles of Fairness and Choice.