



# 70<sup>th</sup> Trade Contact Group Plenary Session

*13 June 2025 in-person*

**Disclaimer:** This presentation is intended to help support the meeting participants in their general understanding. It is of course without prejudice to any specific factual scenarios.

Taxation and  
Customs Union



# Welcome

## Minutes and Report Adoption: 69<sup>th</sup> TCG March 2025

- Report of 69th TCG Plenary Session distributed via CIRCABC on 16 April 2025
- No comments on content received to date

# Continuous Dialogue with Trade

## Provisional schedule for the TCG meetings in 2025

- 4 meetings in 2024 
- 20 March *[in-person]* 
- 13 June *[in-person]*
- 16 July
- October

# Agenda adoption

## 70th TCG Agenda Adoption

Draft Agenda shared on 28 May

Welcome and Adoption of Agenda

Item 1: **Trade Diversion** [14.30]

Item 2: **EU-India FTA negotiations - Update after the 11th round of negotiation** [15.50]

Item 3: **Update on CBAM** [16.30]

Item 4: **AOB**

# Opening Remarks

# 1. TRADE DIVERSION

# Import Surveillance Task Force

- Mandated by COM President to **work on developing an import monitoring tool**
  - Close to real time development of import pattern of goods into the EU using:
    - Data gathered via the Customs Surveillance system
    - Building on statistical methodologies used for sanctions monitoring
- It is set to capture **any item (8 digit CN code)** where:
  - the volume of imports shifted upwards in the course of 2025, and
  - the trade shows an increase in volume of at least 5%, and
  - and a fall in price of at least 5%, and
  - the average weekly value of imports exceeds €100.000, and
  - there is EU producers active at the sectoral level.

# First results (between March and end April)

- Already identified some examples of surges occurring this year (volume increased; prices decreased).
- The identified examples are currently not more frequent or more significant than what is observed in the periods prior to the trade fictions.
- Imports into EU are not on an increasing trend in recent months. This holds both for total imports, and from US and China specifically.

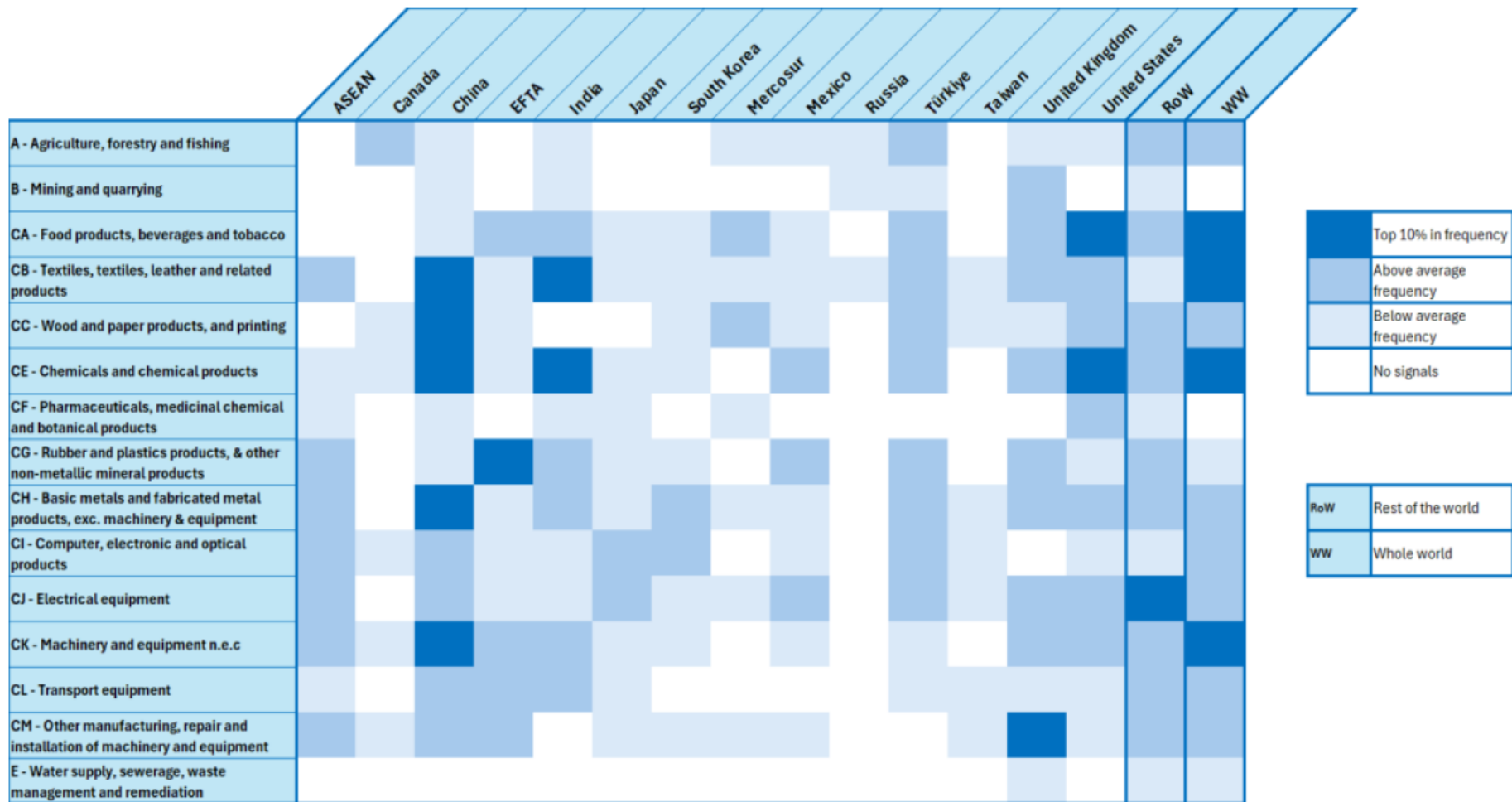


# The results of the first report

Results of analysis on 23\_5. Ranking on value.

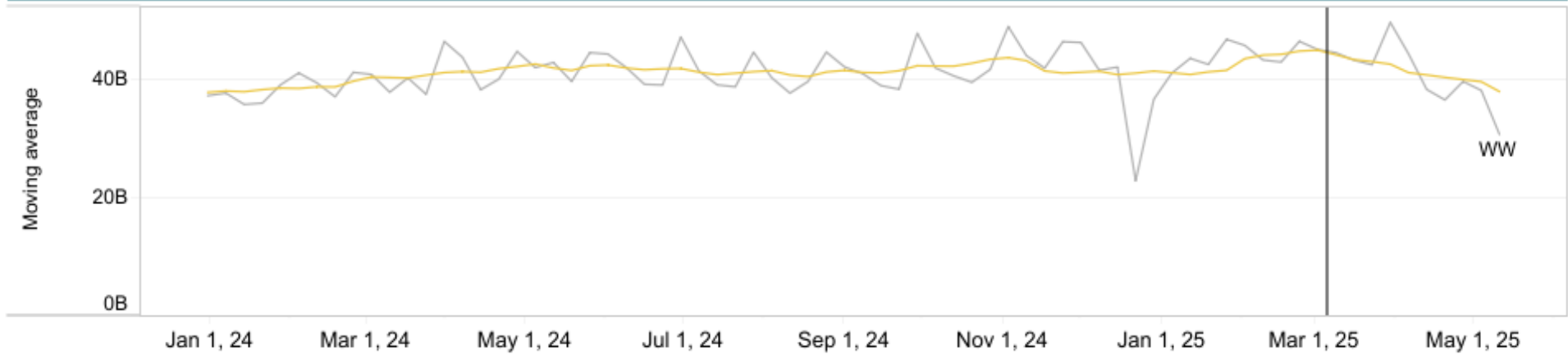
Customs code	Description	NACE division	YoY Change quantity	YoY Change price
85411000	Diodes (excl. photosensitive or light emitting diodes "LED")	CI - Computer, electronic and optical products	102%	-53%
85414100	Light emitting diodes "LED"	CI - Computer, electronic and optical products	156%	-65%
73211190	Appliances for baking, frying, grilling and cooking and plate warmers, for domestic use, of iron or steel, for gas fuel or for both gas and other fuels (excl. cooking appliances with oven, separate ovens and large cooking appliances)	CJ - Electrical equipment	66%	-5%
42022290	Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface of textile materials	CB - Textiles, textiles, leather and related products	38%	-10%
85365019	Switches for a voltage of <= 60 V (excl. relays, push-button switches and rotary switches)	CJ - Electrical equipment	63%	-37%
84138100	Pumps for liquids, power-driven (excl. those of subheading 8413.11 and 8413.19, fuel, lubricating or cooling medium pumps for internal combustion piston engine, concrete pumps, general reciprocating or rotary positive displacement pumps and centrifugal pumps of all kinds)	CK - Machinery and equipment n.e.c	35%	-6%
39259080	Builders' ware for the manufacture of flooring, walls, partition walls, ceilings, roofing, etc. guttering and accessories, banisters, fences and the like, fitted shelving for shops, factories, warehouses, storerooms, etc., architectural ornaments such as fluting, vaulting and friezes, of plastics, n.e.s.	CG - Rubber and plastics products, and other non-metallic mineral products	44%	-10%
73211900	Appliances for baking, frying, grilling and cooking and plate warmers, for domestic use, of iron or steel, for solid fuel or other non-electric source of energy (excl. liquid or gaseous fuel, and large cooking appliances)	CJ - Electrical equipment	57%	-5%
94054139	Photovoltaic luminaires and lighting fittings, solely for light-emitting diode "LED" light sources, not of plastics, n.e.s.	CJ - Electrical equipment	52%	-10%
31021090	Urea, whether or not in aqueous solution, containing <= 45% by weight of nitrogen on the dry anhydrous product (excl. goods of this chapter in tablets or similar forms or in packages of a gross weight of <= 10 kg)	CE - Chemicals and chemical products	>1000%	-7%
95079000	Line fishing tackle n.e.s.; fish landing nets, butterfly nets and similar nets; decoys and similar hunting or shooting requisites (excl. decoy calls of all kinds and stuffed	CM - Other manufacturing, repair and installation of machinery and	41%	-15%

Link to the report: [Trade defence - Library](#)

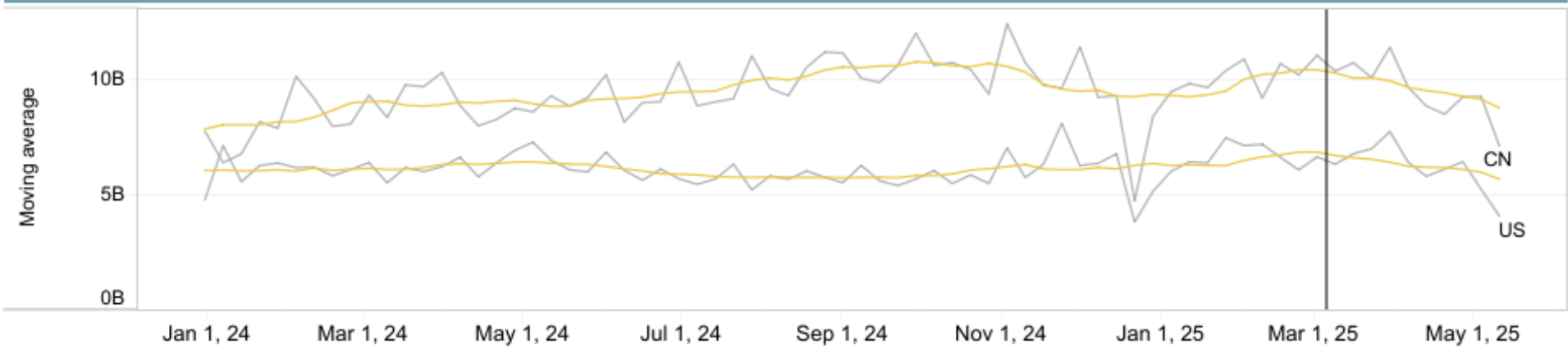


*\*The heat map illustrates any upward deviation from established trading patterns.*

# Total values (€) of EU imports of ALL from WW



# Total values (€) of EU imports of ALL from CN & US



# Further analysis is needed

- Trade diversion may take several weeks to materialize
- Need to use and cross-check different sources of data
- In light of the above, the inputs from the industry are required.

## 2. EU-India FTA negotiations - Update after the 11th round of negotiation

*DG TAXUD, Unit A.6*

*Maria Isabel García Catalan*

*Christophe Fontaine*

DG TRADE, Laurence Van Nitsen

# Status of negotiations on Rules of Origin

- 11 rounds and many intersession meetings took place to date
- 12th round: 7-11 July 2025
- Objective is to conclude by the end of the year
- Progress:
  - Section A (origin determination): Good progress, not significant divergences
  - Section B (origin procedures): Several important difficulties
  - PSRs: 22 HS Chapters (including textile and clothing) have been agreed

# Claim for preferential tariff treatment

- Fundamental issue:
  - India requests the importer to possess detailed information demonstrating origin at the time of the claim (domestic legislation in India, CAROTAR)
- Agreed: claim of preferential tariff treatment on the basis of a statement on origin (In the EU, the REX system) + authentication
- To be agreed: claim of preferential tariff treatment on the basis of "importer's knowledge". It is important to keep it for EU only (asymmetric solution)?

***What is your preference?***

# Proof of origin

## Statement on origin: Authentication

Authentication mechanism allowing verification of the authenticity of the proofs of origin:

Indication in the export declaration of:

- statement on origin identification number
- REX number

➤ ***Can you please provide your feedback?***



# Proof of origin

## Statement on origin: Content / Format / Language

1. Content of the proof of origin:
  - origin criteria code?
  - HS codes (same level as PSR)?
2. Format: separate document with or without a specific layout, or existing commercial document
3. Language of the statement on origin: is English only acceptable?

***Can you please provide your feedback on these 3 points? If origin criteria would be agreed, what should be considered to avoid issues encountered with the EU-JP EPA?***

# Verification

- Agreed
  - The verification is done by the exporting party (administrative cooperation)
  - The competent authorities of the exporting party don't have to share with the competent authorities of the importing party information deemed confidential by the exporter

# Verification

- Not yet agreed
  - No denial of preference when the importer claims preferential treatment on the basis of a statement on origin and before administrative cooperation is launched
  - "Consultation" between the Parties when the importing Party intends to refuse preference when the exporting Party has confirmed the origin
  - Participation in exceptional circumstances of Indian competent authorities to verification visits in the EU
  - Duration of the procedure

# Verification

In case of verification, in EU practice, information is provided by the exporter to the customs authorities in the exporting party through administrative cooperation.

➤ ***Question: to avoid too many verifications between the customs authorities through administrative cooperation, would you consider acceptable to provide information (except confidential):***

***-to the importer in India***

***-to the Customs Authorities in India?***

Thank you

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# 3. Update on CBAM

## Gradual implementation of CBAM

**Transitional period**  
**October 2023 - December 2025**

**Post-transitional period**  
**January 2026 onwards**

**2023**

**2024**

**2025**

**2026**

**Monitoring and reporting  
(Implementing Regulation  
(EU) 2023/1773)**

**Review 2025**

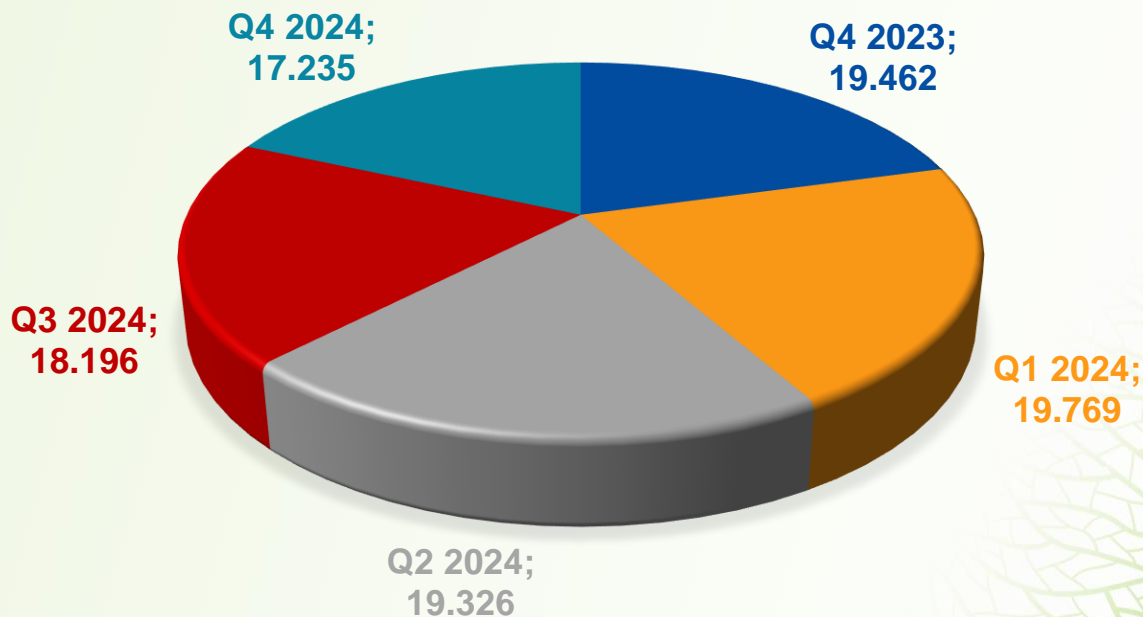
- **Assessment feasibility / proportionality of scope extension post 2026, including to**
  - **a limited set of EU ETS sectors at risk of carbon leakage (e.g. refineries/ chemicals);**
  - **a selected number of downstream products which contain a high share of basic CBAM goods;**
  - **indirect emissions**
- **Impact on LDCs**
- **Progress in international climate discussions**

**Start of gradual phase-in of  
CBAM/phase-out of free ETS  
allocation**

## How many reports did we receive in the first five CBAM quarters?

- Over 90,000 reports
- Around 18,500 reports per quarter

NUMBER OF SUBMITTED AND REGISTERED CBAM REPORTS –  
STATUS AS OF 9 JUNE 2025

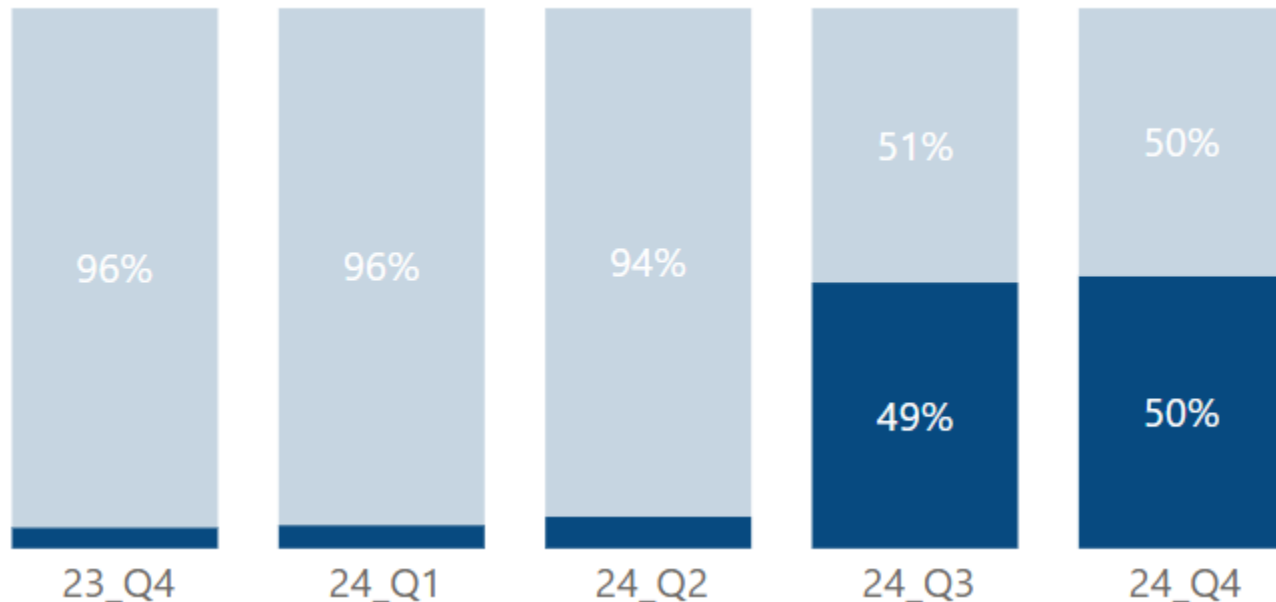




## Reporting of actual values | 5 Quarters of CBAM | all imports (excluding Electricity and Hydrogen | cut-off: 28-02-2025)

- The development of actual and default values across the first quarters of the CBAM transitional phase, based on overall number of entries (=individual imports) made
- As of Q3\_24, it is obligatory to declare based on actual values. This explains the large jump in number of entries reporting actual values
- However, **over 50% of entries noted being unable to obtain this data from suppliers** despite their best efforts

● Actual Values ● Default Values (Q4\_23 - Q2\_24) / "Actual Values not available" (as of Q3\_24)

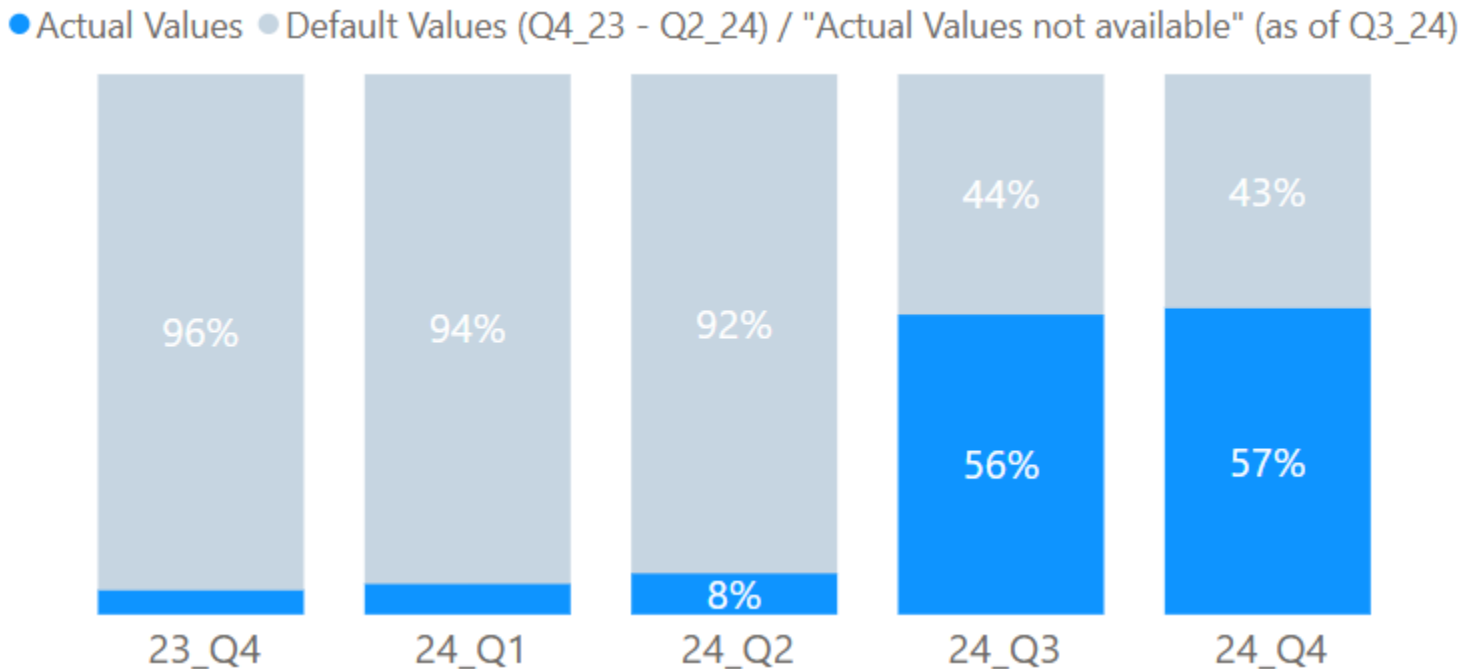


## Reporting of actual values | 5 Quarters of CBAM | all imports – simulating a 50 tons threshold (excluding Electricity and Hydrogen | cut-off: 28-02-2025)

- This simulates an exclusion of importers below 50 tons per year (in this example, based on the year 2024).

- It shows that **removing small importers leads to a higher % of imports reporting based on actual values.**

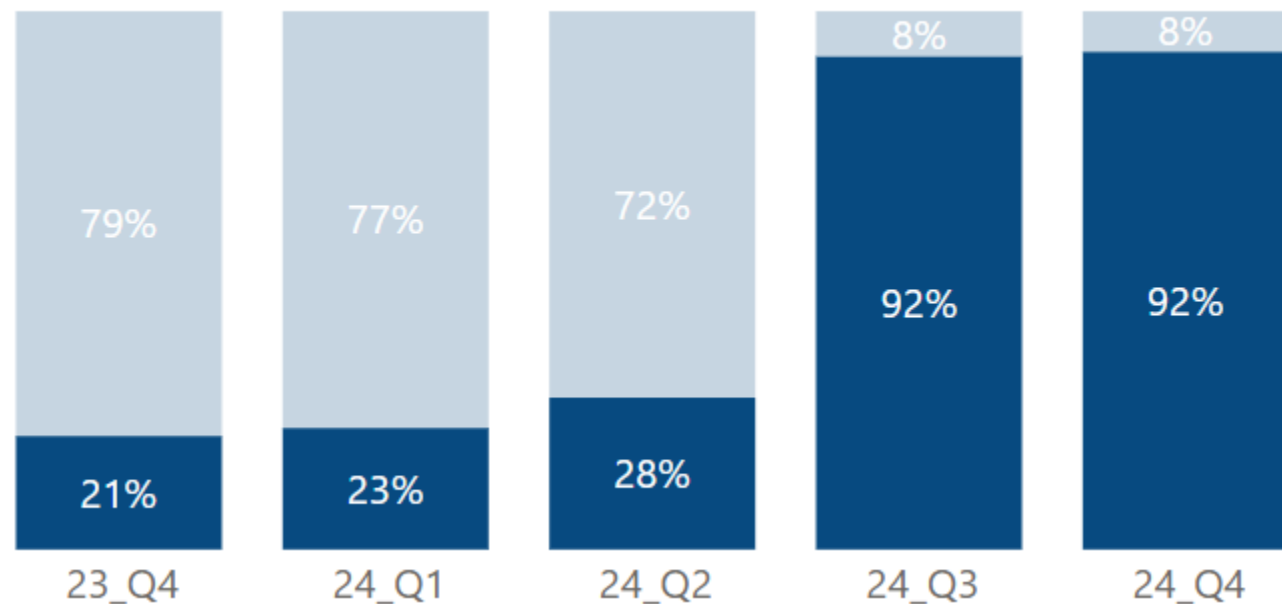
- This is in line with the general picture we can observe looking at larger importers (see *next slide*).



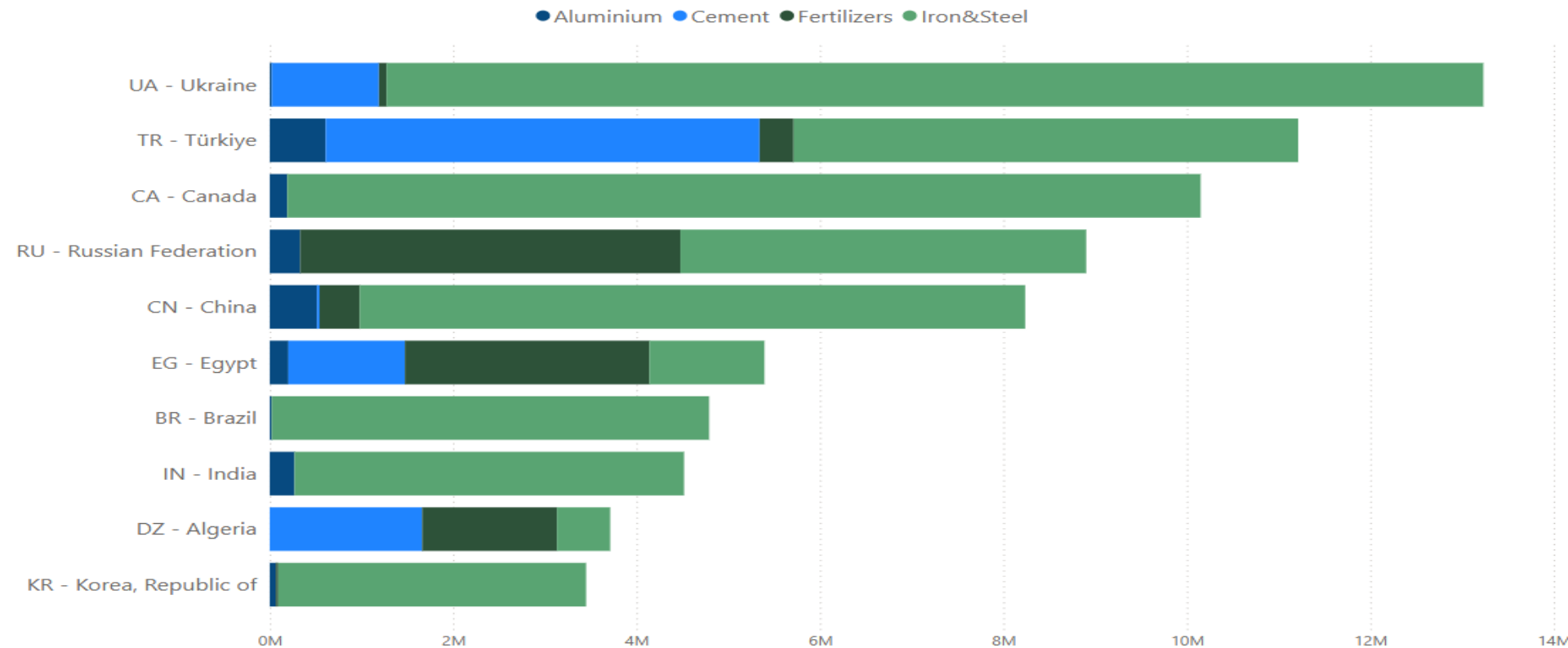
## Reporting of actual values | 5 Quarters of CBAM | imports > 1,000 tons (excluding Electricity and Hydrogen | cut-off: 28-02-2025)

- Looking at entries of larger individual **imports (above 1,000 tons)** show that a substantial amount already declared actual values in the first quarter.
- At the end of the first year of CBAM, **over 90%** of top entries are **declared based on actual emissions**.
- They represent the vast majority of tonnes (and emissions) imported

● Actual Values ● Default Values (Q4\_23 - Q2\_24) / "Actual Values not available" (as of Q3\_24)

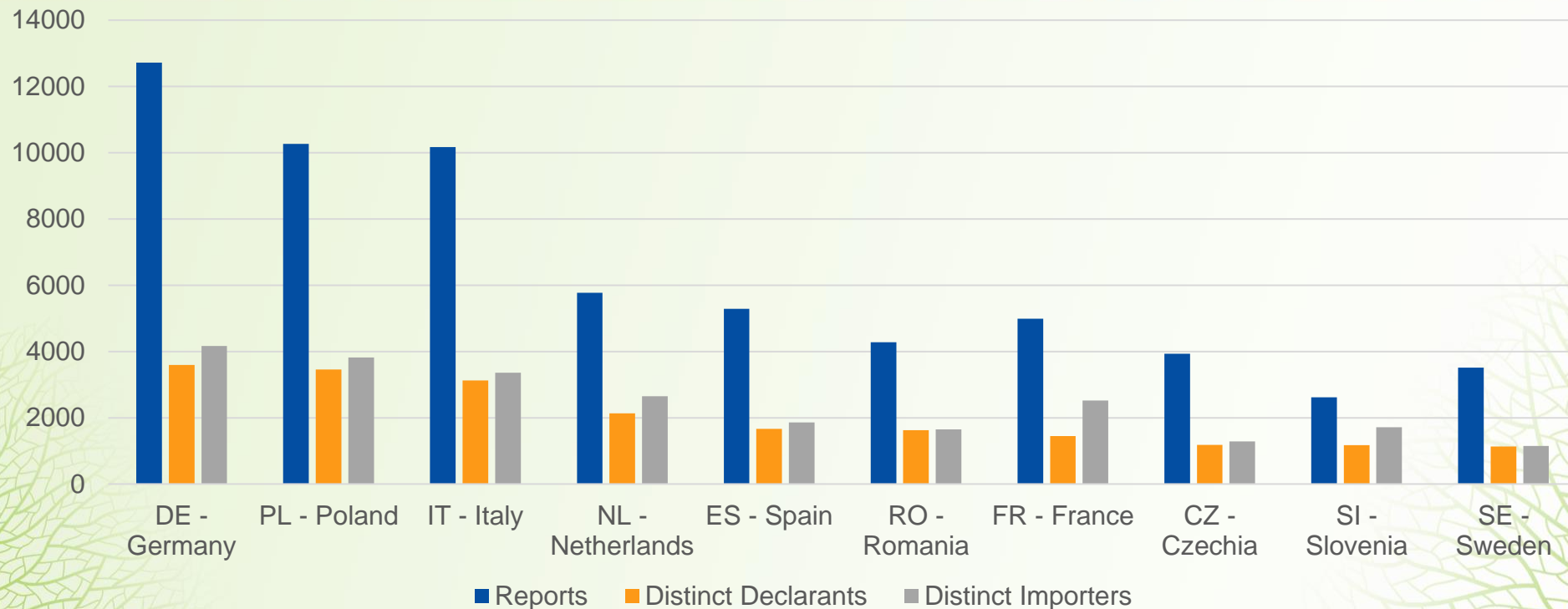


## 5 Quarters of CBAM | Top 10 Countries of Origin (excluding Electricity and Hydrogen | cut-off: 28-02-2025)

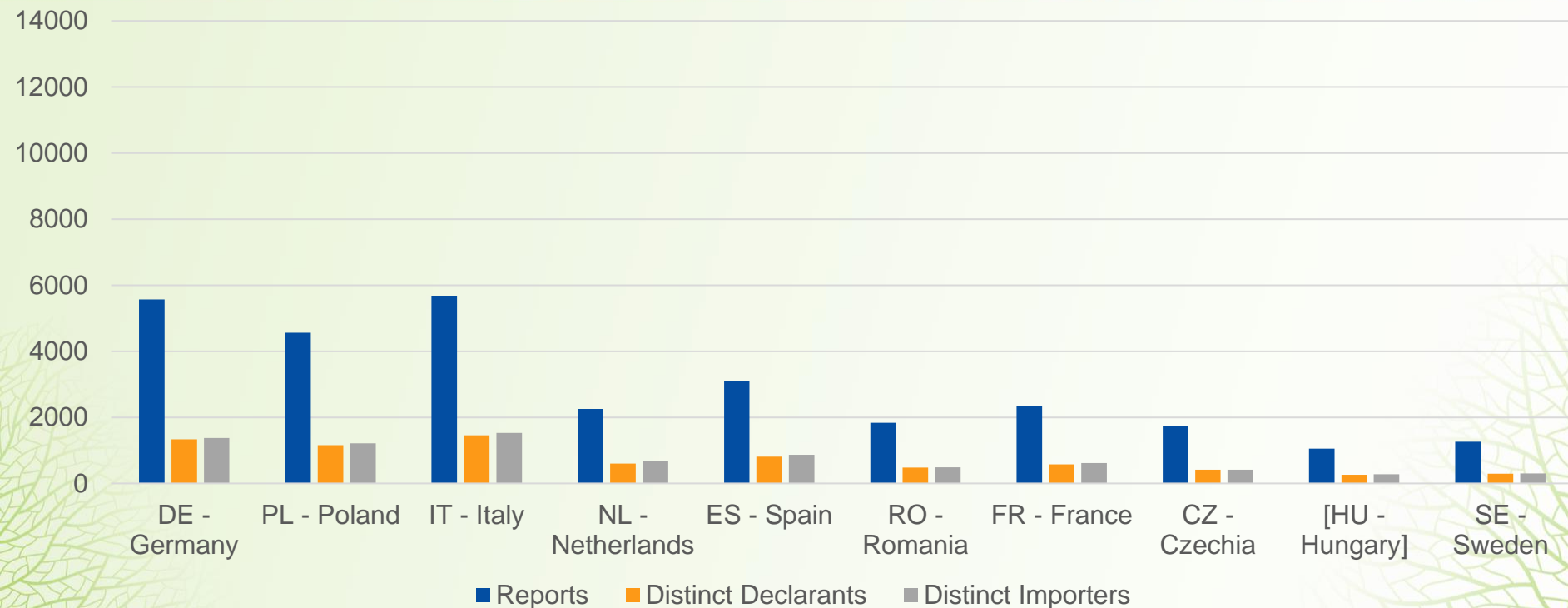


+/- 15% fluctuation possible | data cut-off: 28-02-2025 | Please note that unrealistic outliers have been removed.

## 5 CBAM Quarters | Top 10 MS by Number of Reports (excluding Electricity and Hydrogen | cut-off: 28-02-2025)



## 5 CBAM Quarters | Top 10 MS by Number of Reports – simulated without importers below 50 tons p.a. (excluding Electricity and Hydrogen | cut-off: 28-02-2025)



+/- 15% fluctuation possible | data cut-off: 28-02-2025 | Please note that unrealistic outliers have been removed.

#EUGreenDeal



# Overview Implementing Acts (IA) and Delegated Acts (DA)

## Implementing Act / Delegated Act

IA: CBAM Registry

IA: conditions for authorisation of CBAM declarants

IA: conditions for CBAM application to goods brought to EEZ

IA: calculation of emissions and CBAM declarations

IA: accreditation of verifiers and verification principles

DA: conditions for accreditation and verifiers

DA: conditions for sale and re-purchase of CBAM certificates

IA: carbon price and price of certificates

IA: adjustment for free allocation

IA: Customs communication and information on imports

## Status

*adopted in December 2024*

*adopted in March 2025*

*in progress*

*in progress*

*in progress*

*in progress*

*in progress*

*in progress*

*in progress*

*in progress*

**#EUGreenDeal**

## Role of customs authorities in checking authorisation status

### Article 4 CBAM Regulation:

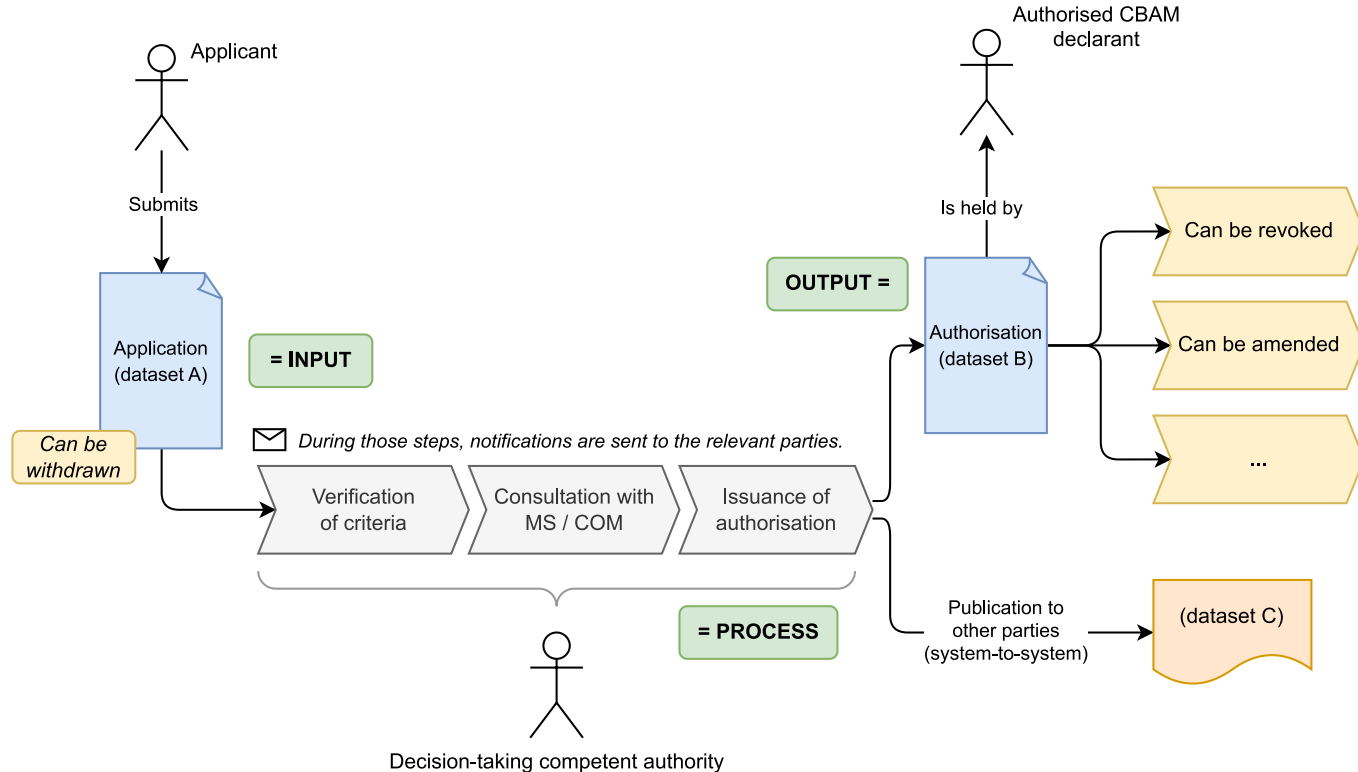
Importation of goods: *‘Goods shall be **imported** into the customs territory of the Union **only by an authorised CBAM declarant**’.*

Import of CBAM goods not allowed as of 1 January 2026 if importer or indirect customs representative is not an authorized CBAM declarant.

Customs Authority is responsible to enforce art. 4.



# Lifecycle of an authorisation – high-level overview



## CBAM simplification package - 26 Feb 2025

- exempt **occasional small importers**
  - up to 50 tonnes net mass per importer and year (cumulative threshold)
    - hydrogen and electricity not concerned by exemption
  - about 91% of importers exempted (around 182 000)
  - but less than **1% of emissions** exempted
- for remaining **larger importers**, simplify
  - authorisation procedure
  - calculation of emissions
  - reporting requirements
  - financial liability

# CBAM simplification package - 26 Feb 2025

## Addressing circumvention risks

- new de minimis threshold allows authorities to focus on ensuring compliance of much smaller number of large importers
- Monitoring based on Surveillance system customs data
  - Commission and National Competent Authorities (NCAs) jointly responsible for monitoring occasional importers and exceedances of threshold
  - Importer above threshold => customs to refuse further importations of CBAM goods
- Artificial split of EORI numbers
  - can be detected in import patterns
  - NCAs can apply penalties

## Indirect Customs Representatives – Impact of Customs Declarations

	Data observed in customs declaration			Cumulative threshold	Outcome for customs declarations
	CBAM account number of ICR	CBAM account number of importer	Import declaration below/above 50 tonnes	NCA determines that importer has cumulatively exceeded the 50 tonnes mass-threshold	Customs declaration accepted/rejected
Case 1	Yes	No			Accepted
Case 2	No	Yes			Accepted
Case 3	No	No	Above		Rejected
Case 4	No	No	Below	No	Accepted
Case 5	No	No	Below	Yes	Rejected

## Next steps

- Q2 2025: **Communication on export-induced carbon leakage**
- Q4 2025: **review report**, including analysis of
  - governance
  - potential scope extension to:
    - other sectors
    - other input materials (precursors)
    - downstream products
    - indirect emissions
  - export-induced carbon leakage
  - impact on developing countries
- Q4 2025: **legislative proposal on downstream scope extension, anti-circumvention, and electricity**



# Simplifying and strengthening the CBAM - Authorisation

## Authorisation procedure

- This makes it simpler for authorities and importers that remain in scope to obtain the status of authorised CBAM declarant, which is necessary to import above the de minimis.
- NCAs now have the option to launch a targeted consultation with other NCAs and the Commission, instead of an obligation.
- Introduces the possibility for authorised CBAM declarants, which remain legally responsible of their CBAM obligations, to **technically delegate-tasks in the CBAM Registry to third parties** (e.g. consultants and/or environmental experts) to facilitate compliance.

## Simplifying and strengthening the CBAM – Financial guarantees

### Certificate sales start date in 2027

- Withdraws the obligation to have a certain minimum number of certificates on the CBAM account at the end of each quarter (only for the year 2026).
- Certificates will need to be bought and surrendered in 2027 for the embedded emissions in goods imported in 2026.
- ***CBAM starts applying from 2026!*** It will provide sufficient time for declarants to prepare for compliance with the amended CBAM Regulation.

## Simplifying and strengthening the CBAM – Emissions calculation

### **Emission calculation for downstream processing**

- Excludes emissions related to downstream manufacturing processes from the system boundaries for a number of aluminium and steel goods, as these processes are not covered by the EU ETS.
- It will have a positive impact on the manufacturers of those goods as they will be exempted from the obligation to monitor and report emissions happening at their own installation. Only data on embedded emissions and use of precursors are needed.
- Moreover, given that this pertains to production steps that are marginal in terms of overall emissions, this reduces administrative burden of small producers without substantial loss in terms of emissions.



# Simplifying and strengthening the CBAM – Emissions calculation

## Exemption of precursors produced in the EU

- These will reduce administrative costs on the goods whose precursors have already been exposed to a **fully equivalent EU ETS carbon price**.
- We will attribute zero embedded emissions to the precursors produced in countries or territories that are already covered by the EU ETS for the calculation of specific embedded emissions of complex CBAM goods.

## Simplifying and strengthening the CBAM – Financial guarantees

### **Default values for carbon prices paid in third countries**

- It will be challenging for importers to prove their actual effective carbon price paid.
- The Commission may determine, where applicable, default carbon prices per country for the carbon price paid on average over a year (in EUR/tCO<sub>2</sub>e).
- This will give (along the same principles as default values for emissions) an alternative.
- The default carbon prices will be set to facilitate the life of importers, but at the same time they will include rebates and other forms of compensation.

## 4. AOB

# Thank you



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Slide 7: Commissioner Gentiloni, Source: EC - Audiovisual Service, Photographer: Christophe Licoppe

Slide 13: Queen singing and Frozen Disney remix, source: youtube.com;