

## **FINNISH COMMERCE FEDERATION - REVISION OF THE UNION CUSTOMS CODE**

Finnish Commerce Federation is a nationwide lobbying organisation whose mission is to promote Finnish commerce. We work to improve the operating conditions for companies active in wholesale and retail trade, to stimulate co-operation within the sector and to enhance the commercial and employer interests of our members.

We play an important role in the labour market, negotiating collective labour agreements, resolving labour disputes and serving our members in employment issues. Our aim is to increase further the scope and relevance our member services.

Commerce employs around 300,000 people in Finland. There are around 7,000 member companies in the scope of Finnish Commerce Federation.

### **E-commerce operations & risk management**

Finnish Commerce Federation finds it problematic that customs clearance for products delivered from outside the EU treats EU companies and companies outside the EU unequally. Consignments delivered directly to EU member states from outside the EU are not subject to customs duties if the value of the consignment is up to EUR 150.

The unfair competitive advantage of companies outside the EU is highlighted particularly in the business-to-consumer market, where purchases are often low-value and pertain to individual products. When a consumer buys products worth up to EUR 150 from, for example, Chinese or North American marketplaces, there are no import duties due to the duty relief on low value consignments -rule. It is not financially sensible for EU retailers to buy products individually, so when an EU retailer buys the same products in large batches from outside the EU, customs duties must be paid in connection with the import.

The customs duties paid by an EU company raises the consumer price of each product. This creates an unfair competitive advantage for companies outside the EU, which can sell their products for a lower price, discounted by the amount of customs duties.

The unequal treatment of companies is not limited to customs duties. Paid customs duties also impact the amount of value-added tax. Because the taxable amount for VAT on importation includes customs duties, they also increase the share of VAT in the product's price.

The competition neutrality of companies must be improved by removing the customs duty relief on low value consignments. This change ensures that customs clearance does not give an unequal competitive advantage to companies outside the EU.

The report commissioned by the Commission (Report by the Wise Persons Group on the Reform of the EU Customs Union) supports the abolishment of duty relief on low value consignments. According to the report, the duty relief in question increases the distortion of competition and leads to sellers dividing consignments into smaller, less than EUR 150 parts in order for consumers to receive the products for a lowered price without customs duties. Dividing orders into parts also weakens ecological sustainability by increasing the amount of packaging materials, among other things.