STUDY

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Mapping the funding gaps in the market surveillance and customs enforcement

Perspective of the upcoming Multiannual Financial Framework

Policy Department for Economy and Growth
Directorate-General for Economy, Transformation and Industry
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Abstract

This study maps funding gaps affecting EU customs and market surveillance authorities. It reviews existing EU and national financing mechanisms, identifies structural imbalances and operational challenges, and assesses policy options for complementary funding in light of the EU Customs reform and the upcoming Multiannual Financial Framework. The study was provided by Policy Department A at the request of the European Parliament's Committee on Internal Market and Consumer Protection (IMCO).

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LIST OF ABBREVIATIONS

AdCos	Administrative Cooperation Groups
ADM	Agenzia delle Dogane e dei Monopoli
B2C	Business-to-Consumer
CASP	Coordinated Activities on the Safety of Products
CBAM	Carbon Border Adjustment Mechanism
CCEI	Customs Control Equipment Instrument
CCI	Centralised Clearance for Import
CCT	Common Customs Tariff
CJEU	Court of Justice of the European Union
DG	Directorate-General
DGDDI	Direction Générale des Douanes et des Droits Indirects
EBA	European Banking Authority
EC	European Commission
ECA	European Court of Auditors
EMA	European Medicines Agency
EP	European Parliament
EU CSW	EU Customs Single Window
EUCA	European Union Customs Authority
EUIPO	European Union Intellectual Property Office
EUPCN	European Union Product Compliance Network
EUTF	European Union Testing Facilities
FFR	Framework Financial Regulation
FR	Financial Regulation
GNI	Gross National Income
ICSMS	Information and Communication System for Market Surveillance
IOSS	Import One-Stop Shop
MFF	Multiannual Financial Framework
NVWA	Netherlands Food and Consumer Product Safety Authority
OECD	Organisation for Economic Co-operation and Development
PoUS	Proof of Union Status
SLO	Single Liaison Office

SMCP	Single Market and Customs Programme
SMP	Single Market Programme
SRB	Single Resolution Board
DG TAXUD	Directorate-General Taxation and Customs Union
TDT	Transport Technical Supervision
TFEU	Treaty of the Functioning of the European Union
TOR	Traditional Own Resources
UCC	Union Customs Code
UNCTAD	United Nations Conference on Trade and Development
UOKiK	Polish Office of Competition and Consumer Protection
VAT	Value-added tax
WTO	World Trade Organisation

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EXECUTIVE SUMMARY

Context and rationale

Market surveillance and customs authorities play a central role in safeguarding the integrity of the EU internal market, ensuring product compliance, consumer protection, public safety and the effective application of Union law at the external borders. While the institutional allocation of responsibilities has remained largely unchanged, the context in which these authorities operate has evolved rapidly and profoundly. In particular, the exponential growth of e-commerce, the sharp increase in low-value consignments, heightened geopolitical tensions, the enforcement of EU restrictive measures, and the introduction of new policy instruments such as the Carbon Border Adjustment Mechanism (CBAM) have significantly expanded both the volume and the complexity of enforcement tasks.

Against this background, the growing pressure on national authorities is not primarily the result of inefficient funding models as such, but rather of funding frameworks that were designed for a materially different operational environment and have not kept pace with structural changes in trade patterns, regulatory requirements and risk profiles.

Objectives and methodology

This study, prepared at the request of the European Parliament's Committee on Internal Market and Consumer Protection (IMCO), maps existing funding arrangements for customs and market surveillance authorities in several Member States. It assesses the relationship between funding structures and enforcement capacity and explores possible complementary financing mechanisms in view of the upcoming Multiannual Financial Framework (MFF). The analysis is based on desk research and targeted requests for information addressed to national authorities.

Key findings

The study finds that:

- Current **funding arrangements are increasingly misaligned with operational realities**, particularly for customs authorities. While resources have generally remained stable or increased only marginally, workloads have expanded dramatically, driven above all by the surge in B2C e-commerce imports and the proliferation of low-value consignments.
- The observed **inadequacy of resources is therefore largely context-driven**. Customs authorities, in particular, are required to process exponentially higher numbers of declarations, perform more complex risk analysis, and enforce new regulatory and geopolitical measures, without a commensurate reinforcement of human, technical and financial capacity.
- Relative **enforcement performance has deteriorated**, despite increases in absolute control activity, indicating systemic under-capacity rather than a lack of commitment or administrative effort by national authorities.
- **Market surveillance authorities face similar**, though more fragmented, **challenges**, linked to heterogeneous national structures, historically determined budgets and limited flexibility to respond to evolving risks, especially in the online environment.
- **Union-level digital and IT infrastructures remain underdeveloped**, though they are essential for effective cooperation and risk-based enforcement. This reflects the absence of stable and dedicated funding mechanisms for investments that generate clear European added value.

Policy implications and options

The analysis confirms that the structural financing of customs and market surveillance authorities remains a national responsibility. However, in the current context, national funding alone is no longer sufficient to address challenges that are inherently European in scale and origin.

Accordingly, the study identifies a combination of **complementary financing measures** as the most appropriate response:

- Strengthened EU-level financial support, within the next MFF, in the form of **direct contributions** for the development of shared infrastructures, interoperable IT systems, data hubs and advanced risk analysis tools, where European added value is highest.
- Targeted **service or handling fees**, in particular in relation to e-commerce imports, designed as transparent and proportionate cost-recovery instruments and aligned with evolving Union customs legislation.
- Selective use of revenues from **financial penalties for violations of EU law**, where legally feasible, to support enforcement capacity, without undermining proportionality, independence or democratic accountability.

Conclusions

The analysis concludes that the **funding gaps** affecting customs and market surveillance authorities are not primarily the result of institutional shortcomings, but **stem from a structural mismatch between legacy funding models and a radically transformed operational environment**.

Without timely and coordinated action, this mismatch **risks translating into persistent enforcement gaps**, with negative consequences for consumer protection, fair competition and the credibility of the EU internal market.

A calibrated **mix of national funding, reinforced EU investment and complementary financing instruments** therefore emerges as a necessary and proportionate policy response.

1. INTRODUCTION

The European Customs Union represents one of the fundamental pillars of the EU internal market law. Established in 1968, it has since ensured the free movement of goods among the Member States by eliminating internal customs duties and by introducing a Common Customs Tariff (CCT) applicable to imports from third countries. In recent years, EU Customs policy has gained increasing geopolitical relevance, both in the context of trade 'wars' and in relation to the economic sanctions imposed on Russia following its military aggression against Ukraine, in the form of import and export restrictions of goods.

Within the EU institutional framework, however, there are no supranational authorities responsible for implementing customs legislation. Instead, Member States retain full responsibility not only for the collection of customs duties, value-added tax (VAT) and excise, but also for the enforcement of any other Union legal act related to customs, including restrictive measures. The EU Customs reform currently under discussion is not intended to alter this situation: the future European Union Customs Authority is likely to be confined primarily to coordinating the risk management activities of national customs authorities.

The full and uniform application of EU customs law and the proper functioning of the internal market thus largely depend on the operational capacity of national customs administrations, which are primarily funded by their respective national budgets. This creates a fundamental tension: while national authorities are tasked with functions that are crucial for the proper functioning of the internal market and the enforcement of the EU's common commercial policy, their financial resources rely predominantly on national, rather than European, funding streams. The resulting structural imbalance makes it increasingly difficult for Member States' customs authorities to cope with their expanding workload. In turn, these risks jeopardize not only the EU budget revenues, but also the safety, security and health of EU citizens, as well as the Union's broader geopolitical interests.

Analogous consideration may be applied to market surveillance. Regulation (EU) 2019/1020 on market surveillance and compliance of products aims to strengthen the enforcement of Union harmonization legislation, and here again, the core requirement for effective market surveillance is the adequate resourcing of national authorities tasked with implementation. Indeed, Article 10(5) of the Regulation stipulates that Member States must ensure that the authorities are provided with sufficient financial, technical, and human resources. However, the nature and level of funding vary across Member States, potentially affecting enforcement effectiveness, coordination, and the integrity of the internal market.

Building on this assessment, the analysis then explores the implications of these funding constraints for the operational capacity and effectiveness of customs and market surveillance authorities, highlighting how financial limitations interact with broader challenges such as the growth of e-commerce, the evolution of Union regulatory requirements and the need for enhanced cross-border cooperation. Finally, the study explores a range of possible avenues to address the identified funding gaps, focusing on complementary financing mechanisms that could strengthen the enforcement capacities of customs and market surveillance authorities and enable them to cope with the steadily increasing costs resulting from the changing geopolitical context.

1.1. Scope of the analysis

The selection of Member States was operated according to several criteria, including their size, form of government (federal, regional, or centralised), the organisation of their public administration, and their geographic distribution within the Union. Particular consideration was also given to the scale of import and export flows, the overall intensity of goods movements, and the exposure of national authorities to exogenous factors liable to affect their operational effectiveness, notably in relation to goods subject to anti-dumping duties or restrictive measures.

On this basis, **Italy**, **France**, **Spain**, **Poland** and the **Netherlands** were selected, as their institutional and territorial contexts are especially relevant for the purposes of this analysis. These Member States are characterised by significant volumes of international trade and goods circulation, combined with a significant exposure to external factors capable of influencing the effectiveness of customs and market surveillance authorities. In this context, Poland is of particular relevance due to its exposure to the consequences of the European Union's restrictive measures against Russia and Belarus. These measures may lead to increased workloads and, consequently, to potential underfunding of customs and market surveillance authorities.

Furthermore, the authorities operating in these Member States are broadly representative of the institutional and funding models prevailing within the Union, while also displaying meaningful variations in their degree of autonomy. In some cases, the competent authorities are structurally embedded within larger administrative bodies and do not enjoy institutional or financial autonomy; in others, they benefit from a certain degree of regulatory, organisational and financial independence.

This latter model is exemplified by the Italian customs authority, which enjoys a measure of autonomy, with the Ministry of Finance exercising a limited role in terms of policy direction and oversight. A comparable degree of autonomy characterises the Spanish authority. The Spanish model is nonetheless institutionally distinctive, as customs functions are exercised within a single administrative apparatus that also encompasses the tax administration responsible for the collection of national taxes. As a result, customs competences operate within an integrated governance and operational framework rather than through a standalone customs authority.

Notwithstanding the national specificities examined, the analysis conducted in this study is largely grounded in general considerations applicable across Member States. In particular, it is based on the common funding framework of the competent authorities, which consistently combines national financing with Union-level financial support. The findings of the study therefore reflect structural features and funding dynamics that extend beyond individual national systems.

1.2. Research objectives

The present study aims to:

- first, **map the current funding models** of customs and market surveillance authorities across selected Member States (France, Italy, the Netherlands, Poland, and Spain), and **identify existing funding gaps**;
- second, assess the **relationship between funding arrangements and enforcement capacity**, in order to verify the extent to which resource allocation directly affects the ability of customs and market surveillance authorities to fulfil their mandates;
- third, **explore alternative financing mechanisms** complementary to the public funding of customs and market surveillance authorities. In this regard, attention is devoted to the possibility of establishing direct contributions from the EU budget under the upcoming

Multiannual Financial Framework (MFF); the opportunity to introduce service fees levied on economic operators by customs and market surveillance authorities; and the feasibility of channelling revenues from financial penalties imposed for violations of EU law obligations to the budgets of customs authorities.

1.3. Methodology

The present analysis was conducted on the basis of **desk research and targeted requests for information** addressed to the customs and market surveillance authorities of selected Member States, namely France, Italy, the Netherlands, Poland and Spain. The methodology adopted was considered appropriate for the exploratory and analytical objectives of the study, while not aiming at statistical representativeness.

As regards customs authorities, the analysis relied primarily on desk research, drawing on aggregate data published by the authorities themselves or by the relevant national administrations. Where publicly available information proved insufficient or incomplete, the competent authorities were contacted by email. However, the number of responses received was limited and did not allow for a sufficiently robust empirical assessment based solely on primary data.

With respect to market surveillance authorities, their particularly large number (178 authorities across the five Member States covered by the analysis), combined with the absence of aggregated public data on their funding arrangements, made direct information requests necessary. Requests were sent to the functional email addresses listed in the inventory of market surveillance authorities compiled and regularly updated by the European Commission. As in the case of customs authorities, only a small minority of authorities provided replies.

In view of these constraints, the analysis was complemented by a review of publicly accessible sources, with particular emphasis on official documents, including legislative acts, policy papers, budgetary documents and reports issued by EU institutions and national authorities. In addition, a broader research exercise was carried out in order to identify potential funding imbalances affecting the competent authorities, taking into account the economic reality of international trade as it has evolved in recent years. This analysis of funding imbalances was intended to identify structural trends and systemic pressures, rather than to quantify precise budgetary gaps at national level. In this context, particular attention was paid to changes in the scale, structure and complexity of international trade flows and to the resulting operational demands faced by customs and market surveillance authorities, with a view to assessing the adequacy of existing funding arrangements.

2. STATE-OF-PLAY: THE CURRENT FUNDING OF CUSTOMS AND MARKET SURVEILLANCE AUTHORITIES

KEY FINDINGS

- National customs and market surveillance authorities remain the primary enforcers of EU law at the external borders and within the internal market, while **their financing continues to depend largely on national budgetary decisions based on historical expenditure patterns**.
- A structural imbalance persists between the European dimension of enforcement tasks and the **predominantly national logic of funding**, particularly in the case of customs authorities responsible for the collection of Union own resources.
- Existing EU funding instruments support cooperation, digitalisation and equipment acquisition, but their scope remains limited to specific actions and **does not compensate for structural underfunding of day-to-day operations**.
- Funding arrangements for **market surveillance authorities are characterised by significant fragmentation**, reflecting heterogeneous administrative structures and sectoral mandates across Member States.
- **No harmonised EU benchmarks** define minimum levels of enforcement activity, limiting the possibility of identifying funding gaps through quantitative indicators.
- Expenditure structures dominated by **fixed and recurrent costs reduce financial flexibility** and constrain the capacity of authorities to adjust enforcement intensity in response to changing risk profiles.
- The development of **Union-level IT infrastructures** essential for coordinated enforcement remains insufficiently supported by stable and dedicated funding.
- Evidence of declining relative enforcement performance indicates **systemic capacity constraints rather than governance failures or lack of institutional commitment**.

2.1. The role and organization of customs and market surveillance authorities

2.1.1. Customs authorities under the Union Customs Code

In the field of customs, the core legal instrument is Regulation (EU) No 952/2013[1], which establishes the Union Customs Code (UCC).

The UCC applies to all goods brought into, or taken out of, the customs territory of the Union[2]. It is designed to ensure the uniform application of the CCT and of other Union measures relating to trade in goods with countries or territories situated outside the customs territory of the Union[3]. It further

[1] Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code, OJ L 269, 10.10.2013, pp. 1–101.

[2] Ibid., Article 1. The customs territory is further specified under Article 4.

[3] Ibid., Recital 9.

aims to enhance the consistency between customs legislation and the rules governing the collection of import duties, without prejudice to the scope of the tax rules in force.

The UCC sets out the foundational concepts and legal statuses underpinning the Union customs system. It governs customs formalities and declarations, structures the principal customs procedures and special regimes, and establishes the corresponding control and compliance framework, encompassing risk management, guarantees, and the rules governing customs debt.

The UCC provides for the **designation of national customs authorities**. Under the UCC, "customs authorities" comprise "the customs administrations of the Member States responsible for applying the customs legislation and any other authorities empowered under national law to apply certain customs legislation"[4]. The resulting configuration is therefore **decentralised**: each Member State designates its customs administration and, where relevant, additional competent authorities. Upon their national designation, those bodies are then recognised as "customs authorities" for the purposes of EU law.

Organisational arrangements may therefore vary across Member States. In particular, differences may arise as to the degree of autonomy conferred and the internal structure adopted – whether more vertical or articulated through directorates-general or regional delegations – depending on whether such arrangements are governed by the authority's statute or, as the case may be, by ministerial acts[5]. Member States may further entrust the designated customs authority with functions extending beyond the strict application of customs legislation. By way of illustration, the customs authority of **Spain**, alongside its customs responsibilities, is also vested with tax collection functions[6].

The UCC places **national customs authorities at the centre of the Union's external border governance,** in that they bear the primary responsibility for supervising the Union's international trade.[7] That responsibility is framed in terms that go beyond revenue collection and is explicitly linked to: supporting fair and open trade; ensuring the implementation of the external dimension of the internal market, the common commercial policy, and other Union policies having an impact on trade; and contributing to overall supply chain security[8].

To ensure the effective performance of those functions, the UCC confers upon customs authorities a set of essential functional prerogatives. These include, first, the power to request additional information and the competence to adopt decisions concerning the application of customs legislation[9]. Particular importance is attached to the system of controls, encompassing both immediate controls and post-release verifications. The UCC empowers customs authorities to carry out "any customs control they deem necessary"[10], including the examination of goods and the taking of samples, as well as the verification of the accuracy and completeness of information provided in declarations or notifications[11]. In addition, the post-release control mechanism enables customs authorities to verify the accuracy and completeness of information beyond the moment of release or entry into free circulation, on the basis of documentary and accounting evidence and, where feasible, material

4 Ibid., Article 5(1).

5 See, as an example, the Statute of the Italian customs authority, available at https://www.adm.gov.it/portale/documents; see also, as regards the Spanish customs authority, Order PRE/3581/2007 of 10 December, establishing the departments of the State Tax Agency and assigning to them functions and powers, BOE No 296 of 11 December 2007, pp. 50882–50892.

6 See the establishing law, namely Article 103, Law No 31/1990 on the General State Budget, BOE No 311 of 28 December 1990.

7 Article 3, Regulation (EU) No 952/2013.

8 Ibid.

9 Ibid., Articles 22 and 28.

10 Ibid., Article 46.

11 Ibid., Article 46.

verification[12]. These prerogatives are further complemented by powers relating to identification measures and by the measures concerning the removal of goods, including, where necessary, confiscation, sale or destruction[13].

Finally, as regards operational arrangements, the UCC sets out a specific regime governing charges and costs[14]. It suffices here to note that, as a general principle, **customs authorities shall not levy any charge for the performance of customs controls** or for any other act required in the application of customs legislation. However, this general principle is subject to **specific exceptions**, among which the recovery of costs relating to specific services provided in connection with exceptional control measures (see section 3.2.).

2.1.2. Market surveillance authorities under Regulation (EU) 2019/1020

Regulation (EU) 2019/1020[15] establishes market surveillance authorities as the public bodies designated by Member States to ensure that **products subject to Union harmonisation legislation comply with applicable requirements** before and after being made available on the Union market.

Their institutional mission is to safeguard the public interests protected by Union law, including health and safety, consumer protection, environmental objectives and the proper functioning of the internal market, while contributing to a level playing field for economic operators. Market surveillance is framed as a core enforcement function of the Union acquis, essential to ensuring the effective application of harmonised product rules.

In addition, each Member State designates a Single Liaison Office (SLO), which acts as the national coordination point for market surveillance activities and as the primary interface with the European Commission (EC) and other Member States[16]. More specifically, the SLO plays a central coordinating role, supporting consistency of enforcement, facilitating information exchange at national and Union level and contributing to the planning and implementation of coordinated market surveillance activities. Through the SLO, the Regulation seeks to mitigate administrative fragmentation and enhance the coherence and effectiveness of the Union market surveillance system.

Despite the integrated design of the Union framework, the national administrative **organisation of market surveillance remains highly heterogeneous**. Responsibilities may be concentrated within a single central authority or distributed among multiple authorities operating at central, regional or local level, often with sector-specific mandates. These arrangements reflect national administrative practices and the internal allocation of competences within each Member State, and lead to significant differences in organisational structures, technical expertise, staffing levels and operational capacity across Member States.

Regulation (EU) 2019/1020 confers upon market surveillance authorities a **broad set of enforcement powers**, including the ability to carry out checks, request information, perform testing and adopt enforcement measures, including corrective, restrictive or prohibitive measures[17]. The Regulation further strengthens cooperation with customs authorities, in particular with regard to controls on

[12] Ibid., Article 48.

[13] Ibid., Article 198.

[14] Ibid., Article 52.

[15] Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and compliance of products and amending Directive 2004/42/EC and Regulations (EC) No 765/2008 and (EU) No 305/2011, OJ L 169, 25.6.2019, pp. 1–44.

[16] Ibid., Article 10.

[17] Ibid., Articles 11(3) and 14 (4).

products entering the Union market from third countries, with a view to ensuring early detection of non-compliant products[18].

The Regulation requires Member States to ensure that market surveillance activities are adequately financed, while leaving the choice of specific financing modalities to national discretion[19]. As a result, **funding arrangements vary across Member States**, affecting the capacity of authorities to perform their tasks and to participate effectively in Union-level cooperation. Although the Regulation establishes a coherent Union-level framework, its effective implementation therefore remains strongly influenced by national administrative and financial choices. The resulting fragmentation is however partially mitigated by contributions from the EU budget, in particular those supporting coordinated activities (see section 2.2.1.d.).

2.2. Existing funding mechanisms for customs and market surveillance authorities

2.2.1. EU funding

a. Indirect EU contributions: the Own Resources System

The European Union budget is of a relatively modest size, amounting to approximately one percentage point of the aggregate gross national products of all Member States. Pursuant to Article 311 of the Treaty on the Functioning of the European Union (TFEU), EU budget is financed from two categories of revenue, namely "own resources" and "other revenue"[20].

The latter category includes, for example, interest payments and fines paid by undertakings in breach of Union rules, taxes on the remuneration of Union staff, as well as borrowing undertaken by the Union on financial markets. Notwithstanding their increasing relevance, particularly as regards proceeds stemming from borrowing, this "other revenue" contributes to the financing of the budget only to a limited extent[21]. Accordingly, own resources remain the primary source of financing of the Union budget, accounting for approximately 90% thereof.

The Own Resources Decision currently in force provides for four categories of own resources within the meaning of Article 311 TFEU: **Traditional Own Resources (TOR)**, the Value Added Tax (VAT)-based resource, the Gross National Income (GNI)-based resource, and the own resource based on non-recycled plastic packaging waste. For the purposes of the present study, the analysis is confined to the legal regime applicable to TOR[22].

TOR essentially consist of customs duties collected under the CCT. It also includes agricultural duties and other contributions in the sugar sector, which take the form of levies on domestic production. Overall, TOR currently represent approximately 10-15% of the Union budget's revenue[23].

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18 Ibid., Articles 25 and 35.

19 Ibid., Recital 49.

20 Article 311 TFEU.

21 See: EP, Fact Sheet on the European Union, The Union's revenue, available at: https://www.europarl.europa.eu/factsheets/en/sheet.

22 Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union, OJ L 424, 15.12.2020, pp. 1–10.

23 See EP, *Fact Sheet on the European Union, The Union's revenue*, available at: https://www.europarl.europa.eu/factsheets/en/sheet More specifically, they accounted for 11% of the Union budget for 2022.

While the constituent elements of TOR are determined at EU level, their implementation and collection are entirely entrusted to the Member States[24]. Following the definitive adoption of the Union budget, Member States are in fact required to recover the proceeds collected by way of, inter alia, customs duties and to make them available to the Union budget, under the conditions laid down in secondary law[25].

To that end, Member States must adopt "all measures necessary to ensure that [TOR] are made available to the [EC]"[26]. Moreover, according to settled case-law of the Court of Justice of the European Union (CJEU), Member State are not released from the obligation to place at the EC disposal the amount corresponding to the established TOR where they have not been recovered due to errors committed by its customs authorities[27]. Failure to comply with this obligation may also give rise to the payment of default interest[28].

Member States are entitled to **retain a percentage of TOR** as a compensation for the costs incurred in the collection and verification operations. Pursuant to the Own Resources Decision, this percentage is currently set at **25%** of the total amount collected[29]. The retained revenue accrues to the general budget of the Member State concerned. In accordance with applicable national legislation, part of this revenue is subsequently allocated to the budget of the competent national authorities. **National customs authorities** are therefore **indirectly financed through the Union budget**.

b. Direct EU contributions

Alongside this form of indirect financing of customs authorities from the Union budget, customs and market surveillance authorities also benefit from direct funding under the MFF. The MFF currently in force for the 2021–2027 period provides for a total volume of expenditure of EUR 1 074 billion, allocated across seven main headings[30]. Of particular relevance for the present study are the headings "Single Market, Innovation and Digital" and "Migration and Border Management".

Pursuant to the EU Financial Regulation (FR)[31], these MFF headings are implemented through three main methods[32]. First, under direct management, the EC implements the budget directly through its departments or through executive agencies. Second, under shared management, the EC and the Member States jointly implement the Union budget. Third, under indirect management, budget implementation tasks are entrusted to entities or persons, such as third countries or international organisations.

Union contributions may take three different forms: (i) financing not linked to the costs of the operations concerned, awarded either on the basis of compliance with conditions laid down in sectoral legislation or in EC decisions, or by reference to the attainment of results measured against previously established milestones or through performance indicators; (ii) reimbursement of eligible costs actually

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24 Council Regulation (EU, Euratom) No 609/2014 of 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements, OJ L 168, 7.6.2014, p. 39.

25 Ibid., Article 13(2)(b).

26 Council Regulation (EU, Euratom) 2021/768 of 30 April 2021 laying down implementing measures for the system of own resources of the European Union, OJ L 165, 11.5.2021, pp. 1–8, Article 2.

27 CJEU, Judgments of 8 July 2010, *Commission v Italian Republic*, C-334/08, EU:C:2010:414, par. 50; of 9 July 2020, *Czech Republic v Commission*, C-575/18 P, EU:C:2020:530; and of 31 October 2019, *Commission v United Kingdom,* C-391/17, EU:C:2019:919.

28 See CJEU, Judgment of 25 October 2017, *Slovak Republic v Commission*, Joined Cases C-593/15 P and C-594/15 P, EU:C:2017:800.

29 Article 9, Council Decision (EU, Euratom) 2020/2053.

30 Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the Multiannual Financial Framework for the years 2021 to 2027, OJ L 433I, 22.12.2020, pp. 11–22.

31 Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union, OJ L, 2024/2509, 26.9.2024.

32 Ibid., Article 62.

incurred; or (iii) lump-sum financing intended to cover, in general terms, all, or specific categories of, eligible costs[33].

In so far as direct management is concerned, the EC may, in particular, make use of grants governed by Title VIII of the FR. Grants may be awarded, first, to finance an action intended to foster the achievement of an objective of a Union policy (so-called action grants) and, second, to support the functioning of a body whose objective falls within, and contributes to, a Union policy (so-called operating grants)[34].

All grants financed from the Union budget are subject to a set of general principles, including the principles of equal treatment and transparency, as well as the prohibition of accumulation and double financing. As regards the latter principle, however, the FR provides that the relevant basic act may lay down derogations[35].

i. Customs Programme and Customs Control Equipment Instrument

Within the framework of the current MFF, two Union funding instruments are specifically dedicated to customs authorities: the Customs Programme, established by Regulation (EU) 2021/444[36], and the Customs Control Equipment Instrument (CCEI), established by Regulation (EU) 2021/1077[37].

As regards, first, the **Customs Programme**, it aims to support cooperation and join action among customs authorities, with a view to safeguarding the financial and economic interests of the Union and of the Member States, ensuring internal security, and protecting the Union from unfair and illegal trade, whilst at the same time facilitating legitimate commercial activities[38]. More specifically, it seeks to support the development and the uniform implementation of customs legislation and policy; to strengthen customs cooperation; to enhance administrative and IT capacity, including the development and operation of European electronic systems; and, finally, fostering innovation in the field of customs policy[39].

The Customs Programme has a financial allocation of **EUR 950 million** for the period 2021–2027. That allocation is intended to support the implementation of the Programme and may further cover expenditure relating to preparation, monitoring, control, audit and evaluation, as well as management activities and the assessment of the achievement of objectives[40].

The Programme is implemented under direct management and may grant Union funding in all the forms provided for therein, notably by means of grants, prizes and procurement[41]. Notably, Regulation (EU) 2021/444 explicitly provides that the **Union support may also be granted to actions intended to complement or support those carried out under the CCEI[42].** These two instruments therefore operate in a complementary manner: the CCEI is confined to financing the purchase, maintenance and upgrading of eligible equipment, whereas the Customs Programme supports all related measures,

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33 Ibid., Article 125.

34 Ibid., Article 183.

35 Ibid., Article 194.

36 Regulation (EU) 2021/444 of the European Parliament and of the Council of 11 March 2021 establishing the Customs programme for cooperation in the field of customs, OJ L 87, 15.3.2021, pp. 1–16.

37 Regulation (EU) 2021/1077 of the European Parliament and of the Council of 24 June 2021 establishing, as part of the Integrated Border Management Fund, the instrument for financial support for customs control equipment, OJ L 234, 2.7.2021, pp. 1–17.

38 Article 3(1), Regulation (EU) 2021/444.

39 Ibid., Article 3(2).

40 Ibid., Article 4(2).

41 Ibid., Article 6(1-2).

42 Ibid., Article 7(2). As a rule, Union funding is, in fact, limited to actions that contribute to the achievement of the objectives of the Customs Programme, pursuant to Article 7(1).

including cooperation actions to assess equipment needs and, where appropriate, training linked to the equipment purchased[43].

As regards, second, the **CCEI**, it aims at attaining the "long-term aim of harmonised application of customs controls by Member States"[44]. More specifically, it is intended to support the customs union and customs authorities in their mission to safeguard the financial and economic interests of the Union and the Member States, ensuring internal security, and protecting the Union from illegal trade, whilst at the same time facilitating legitimate commercial activities[45]. To this end, the CCEI seeks to contribute to achieving adequate and equivalent results of customs controls through the purchase, maintenance and upgrading, under conditions of transparency, of relevant, reliable and state-of-the-art customs control equipment that is secure and environmentally friendly[46].

The allocation is set at **EUR 1 009 million** for the period 2021–2027[47]. This allocation may also cover costs relating to preparation, monitoring, control, audit and evaluation, as well as other management activities and the assessment of the achievement of its objectives. It may further cover cost associated with IT networks and institutional IT tools necessary for the management of the instrument[48].

The CCEI is implemented under direct management and may provide funding in the forms laid down therein, notably by means of grants[49]. Eligible beneficiaries are customs authorities, provided that they supply the information required for needs assessments[50]. To that end, the actions must, on the one hand, implement the objectives of the instrument and, on the other hand, support the purchase, maintenance or upgrading of customs control equipment, including innovative equipment employing detection technologies, for purposes such as non-intrusive inspection, detection of objects concealed on persons, radiation detection and identification of nuclides, laboratory sample analysis, on-site sampling and analysis, and inspection using portable devices[51].

The CCEI provides for a co-financing rate of 80% of an action's total eligible costs and limits eligibility to those costs directly connected with the actions covered by its scope[52]. Non-eligible costs include, in particular, costs relating to the purchase of land, training costs not covered by the introductory training provided for in the contract, as well as costs relating to infrastructure and furniture, in addition to other expressly listed categories[53].

Similarly to Regulation (EU) 2021/444, and by way of derogation from the FR[54], Regulation (EU) 2021/1077 expressly provides that an **action financed under the CCEI may also benefit from a contribution under the Customs Programme** or another Union programme, provided that such contributions do not relate to the same costs and that the cumulative Union financing do not exceed the total eligible costs of the action[55].

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43 Ibid., Recital 12.

44 Regulation (EU) 2021/1077, Article 3.

45 Ibid., Article 3.

46 Ibid., Recital 3.

47 Ibid., Article 4.

48 Ibid.

49 Ibid., Article 5.

50 Ibid., Article 7.

51 Ibid., Article 6.

52 Ibid., Article 6.

53 Ibid., Article 9.

54 Ibid., recital (20).

55 Ibid., Article 10(3). Where support is drawn from different Union programmes, the respective contributions may be calculated on a proportional basis in accordance with the documents specifying the conditions for that support.

The operational implementation of the Customs Programme and the CCEI offers significant insight into the **concrete functioning and practical limitations of EU financial support to national customs authorities.**

As regards the Customs Programme, implementation over the 2021–2024 period shows a strong concentration of financial resources on the development and operation of Union-level digital infrastructures. According to EC implementation data for the Customs Programme, the overwhelming majority of the programme's annual budget has been devoted to the development and operation of Union-level electronic customs systems, confirming the programme's role as a **vehicle for EU-level digital integration rather than as a source of direct operational funding for national authorities**[56]. This confirms that the programme primarily operates as a structural integration instrument, aimed at ensuring interoperability, uniform application of Union customs law and economies of scale in IT development, rather than as a tool for directly reinforcing national operational capacity.

The systems supported – including ICS2, the EU Customs Single Window (EU CSW-CERTEX), Centralised Clearance for Import (CCI) and Proof of Union Status (PoUS) – achieved a very high level of operational availability in 2024, while the implementation of the Union Customs Code IT architecture was largely completed, with full deployment expected by 2025. The programme's operational contribution therefore materialises mainly in terms of procedural harmonisation, EU-level risk management and the reduction of fragmentation across national systems.

The CCEI follows a complementary but distinct operational logic, as it constitutes the only instrument under the current MFF specifically dedicated to financing customs control equipment. Over the period 2021–2024, a substantial share of the instrument's financial envelope was committed through successive calls for proposals, supporting the acquisition of a large volume of control equipment across numerous border crossing points and customs laboratories throughout the Union[57].

At the same time, implementation data point to **persistent constraints**. By the end of 2024, only a limited number of projects had been fully completed, while a significant share required extensions or amendments due to delays linked to national procurement procedures, budgetary constraints and increasing security and cybersecurity requirements.

The EC interim evaluation of the CCEI confirms that, while **the instrument is generally regarded as relevant and appropriate** by national customs administrations, **its effectiveness is affected by uneven absorption capacity and by structural bottlenecks in project execution**, notably in the field of public procurement and supplier risk management. Consequently, although the CCEI contributes to reducing disparities in customs control capacity across Member States, its effects remain gradual and uneven[58].

Overall, the operational experience of the Customs Programme and the CCEI highlights a **functional differentiation in EU support to customs authorities**. Centralised investments generating clear European added value in digital infrastructure and data-driven risk management coexist with more fragmented and implementation-dependent support for physical control capacity. This configuration helps explain why, despite the existence of dedicated EU instruments, structural tensions persist

[56] EC Staff Working Document, Customs Programme Annual Progress Report 2024, SWD(2025) 113.

[57] EC Staff Working Document, Customs Control Equipment Instrument Annual Progress Report 2024, SWD(2025)248.

[58] EC, Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Interim evaluation of the Customs Control Equipment Instrument 2021-2027, COM(2025)733 final, p. 47.

between the expansion of enforcement responsibilities entrusted to customs authorities and the resources effectively available at national level.

ii. Single Market Programme (MFF 2021-2027)

As regards the market surveillance authorities, Regulation (EU) 2019/1020 provides for Union financial support for specific activities of a cross-border or horizontal nature, in accordance with the applicable rules of the Union budget.

More particularly, the Regulation foresees that Union funding may be used to support actions aimed at ensuring the effective and consistent application of Union harmonisation legislation, including coordinated market surveillance activities, joint enforcement actions, the development and operation of Union-level information and communication systems, capacity-building measures, training and exchange of best practices among market surveillance authorities.

The Regulation further envisages Union support for **enhanced cooperation between market surveillance authorities and customs authorities**, notably with regard to controls on products entering the Union market from third countries. It also foresees analytical, technical and organisational support necessary to address risks with a cross-border dimension[59].

These provisions **do not establish a direct or permanent Union financing mechanism for market surveillance authorities**, whose core funding remains a responsibility of the Member States. Rather, they reflect an approach whereby Union financial resources are mobilised to support activities that generate European added value and contribute to greater coherence and effectiveness of market surveillance across the internal market.

In this context, the objectives pursued under Regulation (EU) 2019/1020 are supported through the Single Market Programme (SMP) established by Regulation (EU) No 2021/690 within the framework of the 2021-2027 MFF[60]. More specifically, that Regulation allocates **EUR 105 million** to support effective market surveillance across the Union, with a view to ensuring that only safe and compliant products, including those sold online, are made available on the Union market, and to promoting greater homogeneity and capacity among market surveillance authorities[61].

This allocation has been operationalised through successive EC implementing decisions adopting the annual and multiannual SMP work programmes, which specify the measures and actions to be supported in the field of market surveillance[62]. The SMP provides financial support for enforcement and market surveillance activities through a combination of capacity-building measures, joint actions, testing infrastructures and networks of national authorities.

More specifically, under the SMP, Pillar 1b provides funding for a set of actions implemented at Union level to support and complement the market surveillance activities carried out by national market surveillance authorities. These actions are designed as pan-European and horizontal interventions, addressing operational needs that cannot be effectively covered through national funding alone.

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59 Regulation (EU) 2019/1020, Article 36.

60 Regulation (EU) No 2021/690 of the European Parliament and of the Council of 28 April 2021 establishing a programme for the internal market, competitiveness of enterprises, including small and medium-sized enterprises, the area of plants, animals, food and feed, and European statistics (Single Market Programme) and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014 and (EU) No 652/2014, OJ L 153, 3.5.2021, pp. 1–47.

61 See Ibid., Article 3(2)(a)(ii).

62 All the Implementing Decisions in the SMP MFF 2021-2027 are available at https://commission.europa.eu/publications/single-market-programme-legal-texts-and-factsheets_en.

In particular, SMP funding supports Joint Enforcement Actions, including the Coordinated Activities on the Safety of Products (CASP), which enable market surveillance authorities from different Member States to carry out joint inspections and product testing campaigns. The SMP also finances permanent coordination structures, notably the European Union Product Compliance Network (EUPCN) and the sector-specific Administrative Cooperation Groups (AdCos), which provide a structured framework for cooperation between market surveillance authorities and the EC and facilitate information exchange, the identification of common priorities and the development of shared technical guidance.

In addition, Pillar 1b of the SMP supports the establishment and operation of European Union Testing Facilities (EUTF), providing specialised testing capacities at Union level, as well as the development and maintenance of EU-level digital tools such as the Information and Communication System on Market Surveillance (ICSMS) and Safety Gate, including solutions addressing risks linked to online sales.

The EC interim evaluation of the SMP confirms that the operational impact at national level remains uneven. While centrally funded facilities and joint actions generate clear European added value, their effective translation into routine enforcement activity depends on national uptake, integration into existing administrative workflows and the availability of complementary national resources. In particular, the evaluation notes that EU-level support does not systematically offset structural constraints affecting market surveillance authorities, such as staffing limitations, rigid budgetary frameworks and heterogeneous organisational arrangements across Member States[63].

These findings mirror, in functional terms, the implementation patterns observed for customs-related instruments. As in the case of the Customs Programme and the CCEI, SMP pillar 1 b) funding for market surveillance is most effective where Union-level investments are combined with adequate national absorption capacity and governance arrangements that facilitate the sustained use of EU-funded assets. Conversely, where such conditions are not met, the contribution of Union funding remains largely project-based and does not fully translate into durable increases in enforcement capacity.

Overall, the operational evidence from the SMP confirms that, within the current MFF**, Union funding for market surveillance primarily acts as a catalyst for coordination, technical capability and cooperation, rather than as a substitute for national structural funding**. This reinforces the conclusion that, while EU programmes play a critical enabling role, persistent funding gaps and capacity constraints at national level continue to shape the effectiveness of market surveillance enforcement across the internal market.

2.2.2. National funding

While the present study covers five Member States (Italy, France, the Netherlands, Poland and Spain), the assessment of national funding arrangements is necessarily limited to those countries for which sufficient evidence could be gathered. For the remaining Member States, no responses were received to targeted requests for information and publicly available data proved insufficient to allow for a credible comparable analysis.

[63] EC Staff Working Document, The Interim evaluation of the Single Market Programme 2021-2027 Accompanying the document Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the interim evaluation of the Single Market Programme 2021-2027, SWD(2025)172, Part 2/2, Annex IX (Pillar 1 – Product market surveillance), Section 3.1.2, pp. 320–321.

a. Customs authorities

As noted above (section 2.2.1.a), pursuant to the Own Resources Decision, a percentage of the revenue collected from customs duties, currently set at 25% of the total amount, is retained by the Member States and accrues to their national budget[64].

However, this inflow of revenue does not generally translate into a corresponding allocation to customs authorities. Amounts collected through customs duties are typically absorbed into the general State budget, whereas the funding of the customs authorities is determined through separate appropriations, adopted within the ordinary framework of national public finance decision-making. By way of example, in 2024 the amounts retained as customs collection costs in respect of Italy exceeded EUR 2 billions; however, less than half of that retained national share was ultimately allocated to the competent customs authority[65].

Accordingly, a structural misalignment generally arises between, on the one hand, the level of customs-duty revenues generated and retained at national level, and, on the other hand, the resources effectively made available to customs authorities for the performance of their functions. In particular, there is no built-in mechanism to link, or to earmark, the retained share to the funding level of the competent customs authority. As a result, the retained share remains, in practice, largely disconnected from the financing of customs authorities.

This situation reflects the interaction of two distinct levels of political decision-making. At Union level, the rules governing the retained share are laid down. At national level, the amount and structure of funding allocated to customs authorities are determined. The absence of a meaningful nexus between these two levels may, in turn, undermine the adequacy and long-term sustainability of the resources available for customs enforcement and control activities.

Against that background, the national level constitutes the primary locus of political decision-making on the funding of customs authorities. In operational terms, Member States, through their respective annual budget laws, determine the appropriations required to enable customs authorities to carry out their institutional mandate. This is particularly relevant insofar as it represents the predominant funding model across the Member States considered, irrespective of the degree of institutional and budgetary autonomy enjoyed by the authority concerned.

More specifically, States allocate resources through dedicated budgetary appropriations. The concrete modalities for the transfer and use of those resources are then operationalised through implementing instruments such as agreements, typically concluded on a multiannual basis, which govern the financial flows from the central State to the customs authority.

With specific reference to **Italy**, the Ministry of Economy and Finance concludes three-year agreements with the customs authority[66]. These agreements set out, in detail, the disbursement of funding instalments covering operating expenditure of a mandatory nature. For other categories of expenditure, the Ministry may provide incentive-based funding or earmarked allocations, in line with the relevant policy orientation and political objectives.

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64 Council Decision (EU, Euratom) 2020/2053, Article 9.

65 More specifically, Italy's 25% retained share for the year 2024 amounted to EUR 2 127 millions, whereas the annual State funding allocated for the same year to the Italian Customs and Monopolies Agency (ADM) totalled approximately EUR 1 069,80 millions.

66 See, for example, Convention between the Minister of Economy and Finance and the Customs and Monopolies Agency for the financial years 2022–2024, https://www.finanze/Documenti/Convenzione_MEF_ADM_2022_2024.pdf; Convention between the Minister of Economy and Finance and the Customs and Monopolies Agency for the financial years 2024–2026, https://www.finanze.gov.it/Documenti/Convenzione-MEF-ADM-2024-2026.pdf.

A comparable arrangement may be observed in **France**, where central authorities conclude multiannual contractual instrument with the customs administration. These instruments set out the human and financial resources made available to the authority for the implementation of the agreed strategy, typically over a three-year period[67].

As regards **Spain**, the *Agencia Tributaria*, which, as noted above, is competent not only for customs matters but also for the collection of taxes, is financed primarily through annual State transfers[68], as well as through the proceeds it receives as consideration for the provision of administrative and collection services performed on behalf of other public-sector bodies[69]. Within this framework, the only levy constituting an own resource of the Agency's budget is the fee corresponding to examination rights for participation in competitive selection procedures, the amount of which remains marginal[70]. Beyond the revenue streams outlined above, the Agencia's overall financing also includes contributions from autonomous bodies and external sources[71].

b. Market surveillance authorities

Market surveillance authorities are embedded within the broader administrative structures of the Member States, operating as offices or departments within larger entities responsible for specific regulatory areas. Accordingly, market surveillance authorities are differentiated on the basis of the products for which they are responsible in relation to market placement, and they do not typically operate under a uniform approval model.

This fragmentation gives rise to structural challenges for market surveillance as conceived at EU level: the national administration does not correspond to a single target group or problem (e.g. Industry, Transport, Chemicals etc). Classic policy departments in the national administration (including inspectorates) are often structured along such sectoral lines and therefore not always in a way that aligns with the market surveillance perspective.

Therefore, no mechanisms appear to be in place at Member State level to systematically assess actual funding requirements of the market surveillance authorities, such as the volume of dossiers to be examined, the personnel to be employed, or the inspections to be conducted. Matters concerning the allocation of financial resources to the competent authorities are instead partly determined by national decision-making processes governing budgetary allocations within individual Member States.

Once an authority has been established, the primary criterion for determining its level of funding is historical expenditure, supplemented, where appropriate, by additional resources linked to the attribution of new functions. On an annual basis, and again taking historical expenditure as the reference point, the relevant structures receive funding within the framework of the general State budget through internal negotiations concerning the allocation of resources. Such negotiations take

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67 Assemblée Nationale, Report of the Committee on Finance, General Economy and Budgetary Oversight on the Draft Finance Bill for 2025 (N° 324), Annex No 25: Public Finance Management, p. 29.

68 State transfers amount in total to EUR 1 653 787 736,58, whereas only a limited share relates to the collection of the Union's own resources and amounts at EUR 67 770 730,00. See *Cuentas Anuales* 2024 (Annual budget 2024), pp.40-41, available at the following link: https://sede.agenciatributaria.Cuentas_anuales_2024.pdf.

69 Ibid., p.24.

70 Ibid.

71 Autonomous funding, amounting in total to EUR 10 488,60, derives from an agreement with the Digital Directorate of the General State Administration, as consideration for the shared service for managing notifications and communications provided by the Agencia. External funding, amounting to EUR 2 853 412,72, is earmarked for activities carried out within the Department of Customs and Excise Duties and includes, inter alia, EU contributions, such as support under the Customs Programme and the customs control equipment instrument. See *Cuentas Anuales* 2024 (Annual budget 2024), pp.40-42.

place exclusively within the national administrative system, and funding decisions are adopted on an annual basis without any external formalization.

The information provided by market surveillance authorities in the Netherlands, Poland and Spain highlights several common structural features in the financing of market surveillance activities, alongside country-specific institutional arrangements.

In **the Netherlands**, market surveillance authorities are financed through annual allocations from the national budget, channelled via several Ministries. Budgetary resources are defined based on annual activity plans and are primarily driven by staffing needs, which reflect the scope and volume of surveillance and enforcement activities, as well as the number of product categories concerned, and the risks posed to society. Adjustments to funding levels mainly occur in connection with changes in regulatory tasks and are incorporated into subsequent budget cycles following negotiations with the relevant policy departments.

In general, Dutch market surveillance authorities do not receive funding from economic operators and do not retain revenues from fines or penalties, nor do they normally charge fees for surveillance activities. A partial exception is represented by the Netherlands Food and Consumer Product Safety Authority (NVWA), which may charge fees for specific activities from which operators directly benefit[72], while fines are transferred to the State budget.

Importantly, the process through which funding levels are determined is not normally documented in a single, publicly accessible source, reflecting the complexity of budgetary decision-making involving multiple actors. Moreover, funding levels tend to display a high degree of stability over time, as they are largely anchored in previous allocations and adjusted only incrementally, in line with broader political and budgetary priorities.

In **Poland**, financing models vary depending on the institutional set-up of the authority concerned. By way of example, the Transport Technical Supervision (TDT) operates as a financially autonomous legal entity and does not receive allocations from the State budget, financing its market surveillance activities through revenues generated by fees for statutory services. These fees are calculated based on defined criteria, including the complexity and duration of activities and the resources required. By contrast, the Office of Competition and Consumer Protection (UOKiK), the Trade Inspection and the State Labour Inspection are financed from the central State budget.

Budgetary resources are requested annually and approved within the national budgetary procedure, with limited visibility as regards the detailed criteria applied by the government in determining final allocations. These authorities do not charge fees for market surveillance activities and do not retain revenues from financial penalties, which accrue to the State Treasury. Across the Polish system, funding levels appear largely determined by historically established budgetary envelopes, with only limited flexibility for substantial adjustments over time, as they remain subject to cumulative political decisions taken within the broader public finance framework.

[72] These fees are charged pursuant to Articles 79-85 of Regulation (EU) 2017/625 of the European Parliament and of the Council of 15 March 2017 on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products, amending Regulations (EC) No 999/2001, (EC) No 396/2005, (EC) No 1069/2009, (EC) No 1107/2009, (EU) No 1151/2012, (EU) No 652/2014, (EU) 2016/429 and (EU) 2016/2031 of the European Parliament and of the Council, Council Regulations (EC) No 1/2005 and (EC) No 1099/2009 and Council Directives 98/58/EC, 1999/74/EC, 2007/43/EC, 2008/119/EC and 2008/120/EC, and repealing Regulations (EC) No 854/2004 and (EC) No 882/2004 of the European Parliament and of the Council, Council Directives 89/608/EEC, 89/662/EEC, 90/425/EEC, 91/496/EEC, 96/23/EC, 96/93/EC and 97/78/EC and Council Decision 92/438/EEC (Official Controls Regulation), OJ L 95, 7.4.2017, pp. 1–142; see section 3.2.1.

In **Spain**, the competent market surveillance authority in the field of telecommunications equipment is financed through an annual allocation from the national budget, amounting to EUR 524 000, primarily earmarked for external technical testing and technical assistance. The allocation of resources is based predominantly on historical expenditure, as modifications to budget levels are considered difficult to implement once established.

The authority does not receive funding from economic operators and does not provide product validation services, although operators are required to make products available free of charge for inspection purposes. As in the other countries examined, the process for determining the level of funding is not generally accompanied by publicly available documentation explaining the underlying rationale or decision-making criteria. As a result, funding levels tend to remain rigid over time, reflecting the cumulative nature of political budgetary decisions rather than a systematic reassessment of evolving surveillance needs.

2.3. Funding gaps in customs and market surveillance authorities

2.3.1. Methodological difficulties in estimating the funding gap of customs and market surveillance authorities

Based on the information collected and the responses provided by market surveillance authorities in the selected group of Member States, a number of challenges emerge with regard to the estimation of a potential funding gap for market surveillance authorities.

In principle, the estimation of a funding gap would require the prior identification of minimum levels of activity, expressed in terms of inspections, controls and other enforcement actions that market surveillance authorities are expected to carry out. However, the evidence gathered indicates that the need for market surveillance and the intensity of controls differ significantly across Member States, reflecting differences in market size, economic structure, import volumes, product mixes and risk exposure.

At present, there are no official EU documents defining, in a precise and quantitative manner, minimum mandatory benchmarks for market surveillance activities, such as a minimum number of inspections or a target rate of controls. While guidance documents exist to support coherent implementation of market surveillance across the Union, these instruments do not establish binding quantitative indicators and therefore cannot serve as a reference baseline for the measurement of a funding gap.

This situation is consistent with the heterogeneity of national administrative frameworks and enforcement models observed across Member States. Market surveillance responsibilities are often distributed among multiple authorities and sectors, further complicating the identification of a common baseline for activity levels and associated resource needs.

In the **absence of harmonised minimum standards of activity, common performance indicators and comparable cost data**, any assessment of a funding gap for market surveillance authorities can therefore only be indicative or qualitative, rather than the result of a robust and comparable quantitative exercise.

A further structural element affecting both customs and market surveillance authorities concerns the **rigidity of public expenditure financing public administrations**, particularly those entrusted with control and enforcement functions.

These authorities are characterised by a cost structure largely dominated by current expenditure, which is inherently rigid and can be adjusted only over the medium to long term. The largest share of expenditure is typically related to personnel costs, including salaries, training and associated social contributions, as well as to recurring operational expenses necessary for the day-to-day functioning of the administrations. Such expenditure categories offer limited short-term flexibility, as staffing levels, professional profiles and organisational structures cannot be easily modified in response to rapidly evolving enforcement needs.

This rigidity is particularly relevant for market surveillance and customs authorities, whose workload and operational demands are increasingly influenced by external and rapidly changing factors, such as fluctuations in import volumes, the growth of e-commerce, evolving product risks and the introduction of new regulatory requirements.

In this context, the inability to rapidly reallocate or scale current expenditure constrains the capacity of these authorities to adapt enforcement intensity and coverage in a timely manner.

By contrast, these authorities appear to be in a better position to benefit from targeted capital expenditure, which can generate significant improvements in enforcement effectiveness without requiring immediate structural changes in staffing. Investments in laboratory equipment, digital tools, data analytics, risk-profiling systems, IT interoperability, and inspection technologies can substantially enhance investigative, analytical and risk-assessment capabilities for both market surveillance and customs controls.

Consequently, while current expenditure remains essential for the core functioning of market surveillance and customs authorities, capital investments represent a comparatively more flexible and impactful lever to strengthen control capacity in the short to medium term. This distinction is relevant when assessing funding needs and potential funding gaps, as limitations in current expenditure flexibility may not be adequately captured by budgetary figures alone.

2.3.2. Structural imbalances in the funding arrangements for customs authorities

Customs authorities currently operate in an international environment characterised by heightened geopolitical tensions. This setting is further compounded by persistent inflationary pressures and pronounced volatility in financial markets, particularly in energy markets. Against this backdrop, customs authorities are required to discharge their institutional mandate under increasing operational strain.

This has led to a **significant rise in operating expenditure**, which in the majority of cases has not been matched by a commensurate strengthening of the financial and human resources necessary to cope with the expansion in tasks and responsibilities.

By way of example, the management performance reports that the overall efficiency index of the *Agenzia delle dogane e dei monopoli* (ADM), the **Italian** customs authority, appears to be very positive, with a cost-to-revenue ratio of 1,16% (EUR 1,16 per EUR 100 of revenue).

Table 1: Efficiency index – Italian customs authority

Item	Official amount (million EUR)	Assumption	Amount considered (million EUR)
Import VAT	17 892,00	–	17 892,00
Customs duties	2 959,00	–	2 959,00
Excise duties	32 357,00	approx. 30% related to imports	9 707,10
Withdrawal on collected duties	739,75	–	739,75
Total customs-related revenues			**31 297,85**
Customs Authority costs	980,00	approx. 50% allocated to customs activities	490,00
EFFICIENCY INDEX			**1,57 %**

Source: ADM, Report on the Verification of the 2024 Management Results[73].

However, two important trends highlight imbalances in contrasting evasion at import by the ADM. First, on the revenue side, import VAT revenues (and the related customs duties), as well as excise revenues, were revised downwards through the 2024, as compared to the initial projections[74]. Second, as regards the operational workload associated with customs duties, 2024 recorded a substantial increase in the number of customs declarations, rising from EUR 59,80 million to EUR 93,60 million (+56,63%)[75]. By contrast, the corresponding increase in the amount of duties collected on the basis of those declarations remained markedly less than proportional, increasing from EUR 2 941,10 million in 2023 to EUR 2 959,20 million in 2024 (+0,62%)[76]. From a pure statistical point of view, this confirms a clear increase in the evasion of import duties and shows that the resources available to the ADM have not been sufficient to effectively counter the phenomenon.

This situation of imbalance translates into **shortages of financial and human resources** which are explicitly identified as a matter of concern by the authorities themselves. This is particularly apparent in **France**, where the *Assemblée Nationale* has long expressed concern as to the inadequacy of the resources allocated to the *Direction Générale des Douanes et des Droits Indirects* (DGDDI).

A report prepared by the Parliament's Finance Committee indicates that, since the nineties, the DGDDI has reportedly lost approximately one quarter of its staff, with detrimental consequences for the quality of controls. In particular, it notes that only 0,1% of goods are subject to controls and that the corresponding timeframes are considered manifestly insufficient to ensure the compliance of

[73] It should be noted that this indicator is calculated by relating all tax revenues managed by the Customs Agency (e.g. revenues from gambling, tobacco, all excise duties, as well as reimbursements linked to the collection of customs duties) to the Agency's total operating costs (approximately EUR 1 billion). However, even when considering only revenues directly linked to customs activities (import VAT, customs duties and excise duties on imports), and assuming that around half of the Agency's resources are devoted to the management of customs matters (including control activities), the ratio remains favourable, amounting to EUR 1,57 per EUR 100 of revenue.

[74] ADM, Report on the Verification of the 2024 Management Results, p. 37.

[75] Ibid., p.37.

[76] Ibid., p. 37.

internationally traded goods with French and Union sanitary and environmental requirements[77]. Against this backdrop of an established structural shortfall, additional pressure has more recently arisen from rising DGDDI operating expenditure, driven by inflationary dynamics and by investment needs in the digital and IT domains[78].

As a consequence, there are potentially adverse implications for the enforcement capacity of the authorities concerned. Overall, evidence suggests that customs authorities are required to address the challenges associated with international trade without commensurate resources, whether in financial and/or staffing terms, thereby jeopardising the orderly and effective performance of their institutional mandate.

Box 1: The case of German customs administration

Although out of the survey, Germany is likely the Member State with the largest customs administration in terms of human resources employed and can therefore serve as a reference point.

In Germany, the number of customs officials has remained largely stable over time. In 2024, for instance, approximately 5 852 customs officials were responsible for processing more than EUR 345,40 million import declarations*. This corresponds to an average workload of over 100 000 declarations per official, which significantly limits the possibility of carrying out detailed controls on an individual-case basis.

Overall, the German case illustrates a broader systemic deficiency in human resources in the field of customs, which may also be cautiously considered to be present in several Member States.

Source: Authors' own elaboration based on German Customs Administration, Annual Statistics 2024, Generalzolldirektion – Executive Management – Staff Unit Communications, 2025.

A further structural imbalance concerns the persistent **lack of adequate and stable financing for Union-level IT infrastructures supporting market surveillance and customs cooperation**. While Regulation (EU) 2019/1020 and the broader Union enforcement framework rely increasingly on data exchange, interoperability and digital cooperation between customs and market surveillance authorities, the effectiveness of such cooperation presupposes the existence of genuinely European IT networks.

Information systems enabling the circulation of customs data and market surveillance information can deliver their full added value only if they operate at Union scale, are accessible to all competent authorities, and are managed or coordinated by Union bodies ensuring common governance, standards and continuity. In practice, however, such fully-fledged European-level IT infrastructures have not materialised. This is largely due to the absence of dedicated national funding streams earmarked by Member States for the development and maintenance of shared Union-level systems beyond their national responsibilities.

As a result, IT solutions remain fragmented, nationally driven or project-based, limiting interoperability and constraining the ability of authorities to act in a coordinated and timely manner across borders. In the absence of a dedicated and sustainable Union financing mechanism for these digital infrastructures,

[77] Assemblée Nationale, Report of the Committee on Finance, General Economy and Budgetary Oversight on the Draft Finance Bill for 2025 (No 324), Annex No 25: Public Finance Management, pp. 25 and 31.

[78] Ibid., p. 32.

Member States have limited incentives and capacity to collectively invest in systems that primarily generate European, rather than national, benefits. Consequently, critical IT infrastructures supporting integrated customs and market surveillance cooperation risk remaining underdeveloped or failing to emerge altogether, undermining the objectives of an effective, data-driven and genuinely integrated enforcement framework at Union level.

2.3.3. Main operational challenges affecting the funding of customs and market surveillance authorities

a. The steep rise in B2C e-commerce imports

Over the past decade, business-to-consumer (B2C) e-commerce has experienced sustained and structural growth within the EU, fundamentally altering the scale, frequency and composition of cross-border trade flows.

The two charts presented below provide a structured, evidence-based view of B2C electronic commerce developments from 2018 to the most recent years available, while distinguishing between (i) overall B2C e-commerce market evolution (value dimension) and (ii) the specific segment of low-value consignments below EUR 150 (volume dimension). This dual approach is necessary because value-based market indicators and parcel-based customs indicators capture different, but complementary, aspects of the same phenomenon and may evolve at different speeds.

The first chart (overall B2C e-commerce) is based on the *European E-commerce Report 2023*[79], which provides a harmonised Europe-wide assessment of B2C e-commerce turnover and related penetration indicators. To extend the series to the most recent years, the chart is complemented with the *European E-commerce Report 2025*[80], which updates key turnover metrics and recent market developments across European countries, including the EU-27.

The macro interpretation of the post-pandemic period is further contextualised with United Nations Conference on Trade and Development (UNCTAD) analytical work on e-commerce measurement and online retail dynamics, notably (i) *Estimates of global e-commerce 2019 and preliminary assessment of COVID-19 impact on online retail 2020* (UNCTAD Technical Notes on ICT for Development)[81], which documents the pandemic-related step-change in online retail intensity, and (ii) *Business e-commerce sales and the role of online platforms* (UNCTAD)[82], which notes that online retail growth moderated in 2023 as pandemic disruptions abated.

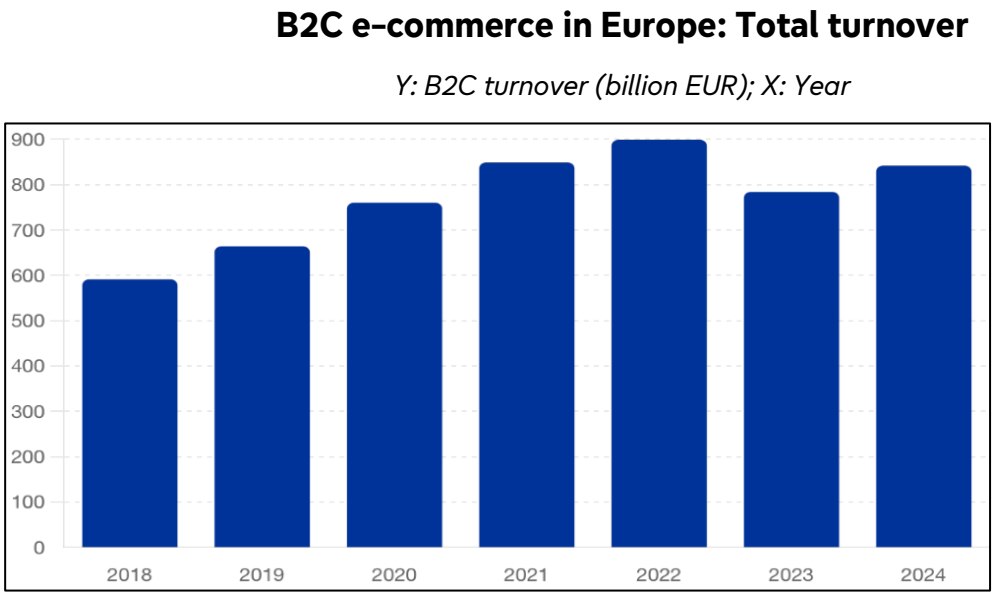
[79] Ecommerce Europe and EuroCommerce, *European E-commerce Report 2023*, available at: https://www.eurocommerce.eu/app/uploads/2023/09/2023-european-e-commerce-report-full-version-final-19-sep.pdf.

[80] Ecommerce Europe and EuroCommerce, *European E-commerce Report 2025*, available at: https://www.eurocommerce.eu/2025/09/european-e-commerce-report-2025/ .

[81] UNCTAD, *Estimates of Global E-commerce 2019 and Preliminary Assessment of COVID-19 Impact on Online Retail 2020*. UNCTAD Technical Notes on ICT for Development No. 18. Geneva: United Nations Conference on Trade and Development, 2021, available at: https://unctad.org/system/files/official-document/tn_unctad_ict4d18_en.pdf.

[82] UNCTAD, *Business e-commerce sales and the role of online platforms*, UNCTAD Technical Notes on ICT for Development, No. 1, Geneva: UNCTAD, 2024, available at: https://unctad.org/system/files/official-document/dtlecde2024d3_en.pdf.

Figure 1: B2C e-commerce in Europe – Total turnover



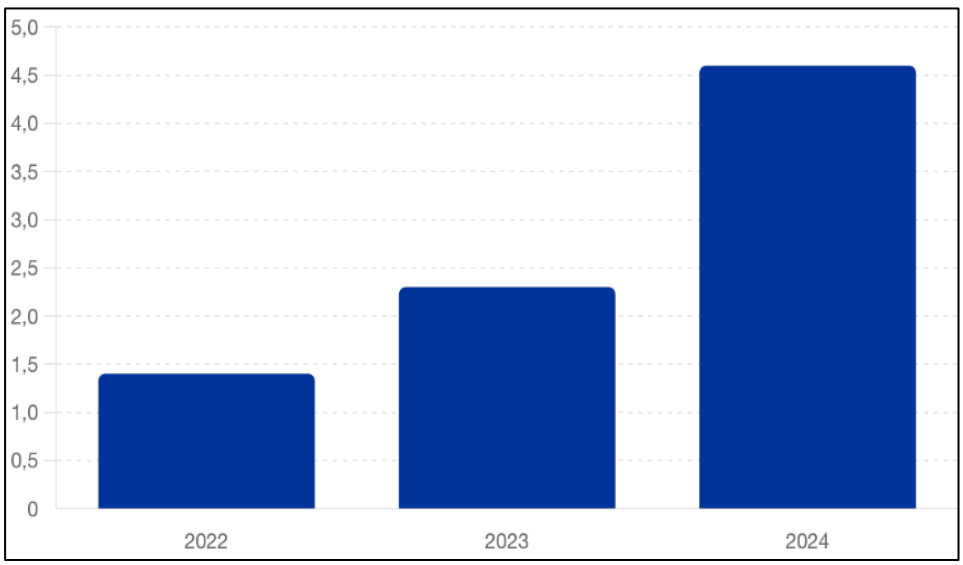
Source: European E-commerce Reports 2023 and 2025.

The second chart focuses on low-value consignments below EUR 150, which are operationally central to cross-border B2C e-commerce imports into the Union. The underlying data are taken from the EC (DG TAXUD) *Report on controls on products entering the EU market with regard to product compliance in 2024*[83], which uses customs declaration type H7 – covering low-value consignments not exceeding EUR 150 – as the best available proxy for e-commerce consignments and reports comparable figures for 2022–2024 period.

The report documents an exponential increase in low-value consignments linked to e-commerce, from EUR 1,4 billion items in 2022 to EUR 2,3 billion in 2023 and EUR 4,6 billion items in 2024, thereby illustrating the scale effects faced by customs and market surveillance authorities.

[83] EC (DG TAXUD), *Report on controls on products entering the EU market with regard to product compliance in 2024*, Publications Office of the European Union, 2025.

Figure 2: B2C e-commerce – Low-value consignments below EUR 150 (EU)



Source: European E-commerce Reports 2023 and 2025.

Taken together, the two charts illustrate a key structural feature relevant for Union policymaking: while market turnover indicators capture the evolution of economic value generated through online channels, customs-relevant parcel flows – particularly low-value consignments – reflect the operational pressure on border processes, risk management, and product compliance enforcement. Presenting both series side by side therefore supports an integrated understanding of the e-commerce ecosystem and the associated policy challenges for the internal market.

Eurostat data further corroborate the penetration of online shopping among individuals. It has increased steadily over time: in 2022, 74,6% of EU internet users aged 16-74 purchased goods or services online, compared with approximately 63% in 2016, confirming a long-term upward trajectory in digital consumption patterns. More recent Eurostat releases indicate that this share continued to rise in subsequent years, reaching around 77% in 2024, thereby consolidating e-commerce as a dominant retail channel in the Union[84].

Based on the Report on controls on products entering the EU market with regard to product compliance in 2024,[85] the EC explicitly acknowledges that, without a commensurate reinforcement of customs resources and tools, the effectiveness of controls related to product safety, consumer protection, compliance and fair competition may be undermined. In this context, the explosion of B2C e-commerce volumes should be understood as a structural driver of increased administrative and enforcement demands, providing a strong and evidence-based justification for additional and sustained investment in European customs capacities.

[84] Eurostat, *E-commerce statistics for individuals*, available at: https://ec.europa.eu/eurostat/statistics-explained/index.php/E-commerce_statistics_for_individuals.

[85] EC (DG TAXUD), *Report on controls on products entering the EU market with regard to product compliance in 2024*, Publications Office of the European Union, 2025.

The abovementioned Report provides a comprehensive and data-driven assessment of enforcement activities at the Union's external borders and offers strong empirical grounds to conclude that **existing resources allocated to customs and market surveillance authorities are structurally insufficient in relation to their expanding mandate**[86].

While the Report records a year-on-year increase, between 2022 and 2024, in the absolute number of product compliance interventions, suspensions and refusals, it simultaneously demonstrates a systematic deterioration in relative enforcement performance at EU level. In 2024, customs authorities carried out only 82 product compliance controls per million items released for free circulation, corresponding to 0,0082% of total imports, despite the growing complexity and risk profile of incoming goods[87]. This declining control rate is explicitly linked in the report to the exponential increase in trade volumes, rather than to reduced enforcement effort, indicating a widening gap between operational workload and available capacity.

The Report identifies the rapid expansion of low-value consignments associated with e-commerce as the primary driver of this imbalance. Items released for free circulation increased from EUR 1,50 billion in 2022 to EUR 4,80 billion in 2024 (+353%), with low-value consignments declared under H7 procedures accounting for nearly 89% of all released items in 2024[88]. This structural shift towards high-frequency, low-value imports has significantly increased the number of consignments requiring risk analysis and potential intervention, without a corresponding increase in human, technical or financial resources. The resulting decline in relative control, suspension and discovery rates constitutes a clear indicator of under-resourcing rather than under-performance.

Furthermore, the Report highlights operational constraints affecting cooperation between customs authorities and market surveillance authorities. In 74% of suspended cases, products were ultimately released for free circulation either because market surveillance authorities detected no non-compliance or, more critically, because no decision was communicated within the four-day legal deadline[89].

The Report implicitly links this outcome to capacity constraints and to the continued reliance on largely manual data exchange and reporting processes, pending the full deployment of digital interfaces between customs systems and of the Information and Communication System for Market Surveillance (ICSMS)[90]. This situation underscores that both customs authorities and market surveillance authorities face structural limitations in staffing, expertise and digital tools, which directly affect enforcement outcomes.

A further indication of resource-related disparities emerges from the extreme divergence in performance across Member States, with a ratio of 1 883:1 between the highest and lowest discovery rate[91]. The Report explicitly considers it implausible that such differences reflect variations in the inherent compliance of imported products, thereby pointing instead to differences in control capacity, prioritisation and available resources[92]. The simulation exercises included in the report show that, if all Member States operated at the level of the best performers, several hundred thousand additional non-compliant or dangerous products could have been prevented from entering the EU market[93].

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86 Ibid.
87 Ibid., p. 8.
88 Ibid., p. 22.
89 Ibid., p. 21.
90 Ibid., p. 18.
91 Ibid., p.27.
92 Ibid., p. 29-30.
93 Ibid.

b. The Carbon Border Adjustment Mechanism

The introduction of the Carbon Border Adjustment Mechanism (CBAM)[94] constitutes a further extension of the mandate and operational responsibilities of EU customs authorities, by integrating climate policy objectives into border procedures. While recent regulatory and implementation developments have narrowed down the initial scope of the mechanism[95], CBAM continues to generate a significant administrative and operational burden on customs authorities.

CBAM requires imports of selected carbon-intensive goods to be accompanied by detailed information on embedded greenhouse gas emissions, aligned with the EU Emissions Trading System. During the transitional phase, obligations are primarily of a reporting nature; nevertheless, customs authorities are already required to manage additional data flows, ensure the formal completeness of declarations and coordinate with competent environmental and climate authorities[96]. From 2026 onwards, with the application of full compliance obligations, these responsibilities are expected to intensify further.

Compared to traditional customs controls, CBAM introduces a qualitative increase in complexity. Customs authorities are no longer focused only on verifying classic customs elements such as tariff classification, valuation or origin. They are required to interface with technically complex emissions-related information, including production processes, calculation methodologies and country-specific emission factors[97]. This represents a departure from the core customs remit and entails the need for specialised expertise, enhanced risk management tools and structured inter-agency cooperation.

Operational complexity is further compounded by the requirement to integrate CBAM into existing and evolving customs IT systems, ensuring interoperability with the CBAM Registry and, in the longer term, with the EU Customs Single Window environment. Even where the material scope of the mechanism has been narrowed or its application made more gradual, these organisational and technical requirements continue to place additional demands on customs administrations.

Overall, CBAM should be regarded not merely as a trade-related regulatory instrument, but as a **mechanism that increases the complexity of customs operations and imposes new administrative tasks on customs authorities**. In the absence of a commensurate reinforcement of human resources, technical capacity and digital infrastructure, there is a risk of additional pressure on already constrained customs services, with potential implications for uniform enforcement and the effective functioning of the mechanism.

c. EU restrictive measures against Russia and Belarus

The restrictive measures adopted by the European Union against the Russian Federation and Belarus have significantly increased the operational responsibilities of some customs authorities[98].

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94 Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism (Text with EEA relevance), OJ L 130, 16.5.2023, pp. 52–104.

95 Regulation (EU) 2025/2083 of the European Parliament and of the Council of 8 October 2025 amending Regulation (EU) 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism, OJ L, 2025/2083, 17.10.2025.

96 Articles 34 and 35, Regulation (EU) 2023/956.

97 See, for example, Ibid., Annex IV and Annex II.

98 Council Regulation (EU) 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, OJ L 229, 31.7.2014, pp. 1–11; Council Regulation (EU) 2024/1745 of 24 June 2024 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, OJ L, 2024/1745, 24.6.2024; Council Regulation (EU) 2024/1745 of 24 June 2024 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, OJ L, 2024/1745, 24.6.2024.

These sanctions regimes, adopted in response to Russia's military aggression against Ukraine and Belarus's support for that aggression, impose a complex set of prohibitions on the import, export, transit and provision of services concerning specified goods, technologies and financial flows[99].

Customs authorities at the EU's external borders must therefore interpret and enforce detailed sectoral restrictions – including embargoes, export controls and asset freeze provisions – that are regularly updated. This requires real-time legal analysis, extensive risk assessment and enhanced scrutiny of declarations to ensure compliance with evolving sanction lists and commodity controls.

The risk of circumvention, including through indirect trade routes, trans-shipment via third countries, and mislabelling of goods, adds an investigative burden not traditionally within the scope of routine customs operations, often necessitating close cooperation with other enforcement and intelligence authorities.

Operational complexity is further heightened by the need to integrate restrictive measure screening into digital customs systems and to maintain up-to-date sanction data across Member States. In the absence of proportional increases in specialised expertise, technological tools and human resources, the enforcement of these restrictive measures can strain customs capacities, potentially leading to uneven application across the Union and delays at the border.

2.4. Preliminary Conclusions

Overall, the analysis set out above leads to a clear and coherent preliminary conclusion: in several Member States, **the current level of funding and resourcing of customs and market surveillance authorities is not commensurate with the scale, complexity and sustained growth of the enforcement tasks imposed by EU legislation**.

The observed decline in relative enforcement performance, notwithstanding an increase in absolute activity levels, constitutes strong evidence of a situation of systemic and structural under-capacity rather than of insufficient institutional commitment. In this context, the call for intensified controls and the emphasis placed on the forthcoming EU Customs Reform reflect a growing recognition that sustained investment in customs and market surveillance capacities is indispensable to safeguard consumer protection, environmental objectives, and the integrity of the Single Market.

Identifying and addressing funding gaps in this field is, however, particularly challenging. In particular:

- public financing mechanisms are rigid, and dependent on the internal organization and budgetary structure of national administrations;
- the introduction of new public funding streams for customs and market surveillance authorities may require lengthy processes, which are not compatible with the urgency of the operational needs identified.

Against this backdrop, EU-level investment in infrastructure – particularly in digital systems enabling more effective and coordinated risk analysis – appears to be the most appropriate instrument to address medium- to long-term capacity constraint. By contrast, for the costs associated with the day-to-day functioning of customs and market surveillance authorities, **alternative and complementary funding mechanisms should be explored**.

[99] Ibid.

3. PERSPECTIVES: COMPLEMENTARY FUNDING MECHANISMS

KEY FINDINGS:

- **Structural funding gaps** affecting customs and market surveillance authorities **cannot be effectively addressed through national budgets alone**, given the European dimension of the underlying enforcement challenges.
- **Existing EU funding instruments** under the current MFF contribute significantly to coordination, digitalisation and equipment, but **do not provide stable and sufficient support** for recurrent operational costs.
- **Complementary financing mechanisms** can enhance enforcement capacity while preserving Member States' responsibility for administrative organisation and control activities.
- **Service or handling fees constitute a legally viable instrument** for cost recovery, provided they are proportionate, transparent and linked to identifiable services.
- The sharp increase in low-value e-commerce consignments provides a **clear rationale for targeted handling fees in the customs sector**.
- **EU-level harmonisation of fees reduces the risk of trade diversion and competitive distortions** within the internal market.
- The **allocation of revenues from financial penalties to customs and market surveillance authorities** is legally feasible under EU law, subject to national procedural autonomy.
- No single financing instrument is sufficient; a **combination of complementary mechanisms is required to ensure sustainability and flexibility**.

The second part of the present study aims to provide an overview of possible alternative and complementary funding mechanisms for customs and market surveillance authorities.

Before examining the various options proposed, two methodological issues need to be clarified. First, not all the funding mechanisms analysed in this chapter are novel for both authorities, in the sense that some have already been implemented. For example, an indirect contribution from the Union budget is already provided for customs authorities and therefore constitutes an existing financial instrument for them.

Second, the options proposed should not be construed as an exhaustive list. Additional funding instruments for these authorities can certainly be envisaged, and the purpose of this study is to present, among the possible instruments, those considered to be the most effective and legally viable.

Having clarified these points, the analysis will proceed to examine the main features, advantages and drawbacks of the three proposed financing alternatives, i.e.: (i) direct and indirect contributions from the Union budget; (ii) fees or charges, and (iii) financial penalties for the violation of EU law.

3.1. Direct and indirect contributions from the EU budget

As previously noted (section 2.2.1.), customs and market surveillance authorities already benefit from direct and/or indirect contributions from the EU budget. This section examines **whether, and to what extent, existing direct and indirect contributions from the EU budget may be streamlined and/or increased in the next 2028-2034 MFF**.

To this end, it first analyses indirect contributions to customs authorities, in light of both the proposed MFF 2028-2034 and the EU Customs reform. It then considers direct contributions from the EU budget to the financing of customs and market surveillance authorities, with particular regard to the ongoing interinstitutional discussions on the next MFF.

3.1.1. Indirect contributions for customs authorities in light of the next MFF and the EU Customs reform

a. The proposed reduction of retained collection costs for traditional own resources

As noted above (sections 2.2.1.a. and 2.2.2.a.), customs authorities receive indirect contributions from the Union budget, in the form of a retention by the Member States of a percentage of the customs duties collected followed by the subsequent allocation of part of that amount to the budgets of the respective customs authorities. Since customs duties constitute TOR, the percentage of those duties retained by the Member States is determined in the Own Resources Decision. That percentage is currently set at 25% of the customs duties collected.

In the context of the negotiations on the next 2028-2034 MFF, the EC has once again proposed a **substantial reduction of the share of customs duties retained by the Member States, from 25% to 10%**, as it did in relation to the two previous MFFs[100]. As a consequence, the portion of financing for customs authorities indirectly derived from these revenues accruing to national budgets could likewise be significantly reduced.

The EC justifies the proposed reduction on the grounds that "the retained amount is not assigned to national customs administrations nor linked to the actual costs of collection and control"[101]. Notably, the EC also considers that the current retention rate of 25% exceed what is necessary to cover the present costs and operational needs of customs authorities[102]. According to the EC, a substantial share of customs duties is paid without significant intervention by customs authorities, while most controls relate to product safety. Furthermore, the EC argues that administrative costs have been significantly reduced by the digitalisation of customs administrations and are expected to decline further as a result of the forthcoming EU Customs reform, which is expected to bring "improvements" in that respect[103].

These latter considerations have been criticised by the European Court of Auditors (ECA) in its recent Opinion on the proposed Own Resources Decision[104]. The ECA reiterates – consistently with its

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[100] EC, Proposal for a Council Decision on the system of own resources of the European Union and repealing Decision (EU, Euratom) 2020/2053, COM(2025) 574 final, Articles 3(1)(a) and 11(3).

[101] EC Staff Working Document, accompanying the European Commission Communication, A dynamic EU budget for the priorities of the future: the Multiannual Financial Framework 2028-2034, {COM(2025) 570 final} - {SWD(2025) 571 final}, SWD(2025) 570 final/2, para 6.2.

[102] EC, Proposal for a Council Decision on the system of own resources of the European Union and repealing Decision (EU, Euratom) 2020/2053, COM(2025) 574 final, Recital 5.

[103] See EC Staff Working Document, accompanying the European Commission Communication, A dynamic EU budget for the priorities of the future: the Multiannual Financial Framework 2028-2034, {COM(2025) 570 final} - {SWD(2025) 571 final}, SWD(2025) 570 final/2, paras 3.7 and 6.2

[104] ECA, Opinion 04/2026 (pursuant to Article 287(4) TFEU) concerning the proposal for a Decision on the system of own resources of the European Union (COM(2025) 574 final), Publication Office of the European Union, 2026.

positions in previous MFF cycles – that the EC has not sufficiently substantiated the proposed reduction of the retention rate and that uncertainty remains as to whether the anticipated savings will fully materialise. Moreover, the ECA emphasises that the sharp rise in imports associated with the expansion of e-commerce is likely to increase the workload of customs authorities, while ongoing geopolitical conflicts and protectionist trade policies may further heighten the complexity and uncertainty of customs operations[105].

Arguably, the ECA's findings appear broadly consistent with the challenges that the EC itself has acknowledged in the context of the ongoing EU Customs reform. The proposed substantial reduction in the percentage of TOR retained by Member States therefore does not seem to be adequately justified.

However, two clarifications are needed in this regard. First, it appears unlikely that the Member States will accept such a substantial reduction in the retention rate, which they have already rejected in previous MFF negotiations. Second, even if the EC proposal were ultimately adopted, the share of own resources retained by the Member States, which are entered into national budgets in accordance with the principle of universality, could, in principle, still be fully reallocated at national level to the budgets of customs authorities, contrary to current practice (see section 2.2.2.a).

Overall, **the indirect financing of customs authorities resulting from Member States' retention of customs duties therefore appears likely to remain broadly stable in the next MFF.**

b. The forthcoming removal of the customs duty exemption threshold and the introduction of a temporary customs duty

A second prospective form of indirect financing of customs authorities through the Union budget arises from two amendments to customs legislation which, at time of writing, are in the process of being adopted: first, the **removal of the customs duty exemption for goods valued below EUR 150**; and second, the introduction of a temporary customs duty of EUR 3 applicable to consignments falling within that same threshold.

The first of these measures has been proposed by the EC in 2023 as part of the broader EU Customs reform package. In the context of the exponential rise of B2C e-commerce involving low-value goods shipped directly from third countries to consumers in the Union (see section 2.3.3.a), the continued existence of a minimum customs duty threshold[106] – dating back to 1983 and progressively increased – is no longer considered justified. Not only does this exemption generate a loss of potential TOR for the Union budget, and thus indirectly for customs authorities, but it also creates strong incentives for fiscal (and non-fiscal) evasion/elusion through undervaluation and the artificial splitting of consignments[107].

The fact that imports of e-commerce goods valued below EUR 150 tripled between 2022 and 2024[108], resulting in increased risks to consumer health and safety and heightened pressure on customs authorities, created the political conditions for the Council not only to accept the EC proposal – which

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105 Ibid., paras 28 and 30.

106 Pursuant to Chapter V of Title II of Council Regulation (EC) No 1186/2009 of 16 November 2009 setting up a Community system of reliefs from customs duty, OJ L 324, 10.12.2009, p. 23.

107 EC, Proposal for a Council Regulation amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold, COM(2023)259 final, explanatory memorandum, pp. 1-2.

108 See, to that effect, EP resolution of 9 July 2025 on product safety and regulatory compliance in e-commerce and non-EU imports (2025/2037(INI)), P10_TA(2025)0154, para. 2, which, in para 41 explicitly supports the elimination of the customs duty exemption.

was definitively approved on 4 February 2026[109] – but also to **anticipate its entry into force**, initially envisaged for 1 March 2028[110], **to 1 July 2026**[111].

This reform is expected to generate a **significant increase in TOR** – estimated by EC and ECA at approximately **EUR 2,30 billion annually** (EUR 2,50 billion in current prices)[112] – and consequently a proportional rise in the share of customs duties retained by Member States and indirectly channelled to the budgets of national customs authorities. **At the same time**, however, the measure will inevitably lead to a **substantial increase in the administrative burden** borne by those authorities in handling customs declarations and controls.

Following the abolition in 2021 of the existing VAT exemption for imported goods valued below EUR 22[113], goods valued below EUR 150 were already subject to a digital customs declaration. Nevertheless, the abovementioned administrative burden is likely to increase more than proportionally to the additional revenue generated, given the low value of the goods and the correspondingly limited level of duties collected. This imbalance is further exacerbated by the fact that the **new centralised Union IT infrastructure to levy import duties on distance sales consignments will not become operational before July 2028**. Until then, national customs authorities will have to rely exclusively on existing national infrastructures, which are already under severe pressure due to the sharp rise in e-commerce consignments described above.

It is against this backdrop that the Council has decided to introduce, **as of 1 July 2026**, a second measure with indirect implications for the financing of customs authorities, namely the establishment of a **temporary fixed customs duty of EUR 3 on small parcels valued below EUR 150**[114].

It should be emphasised at the outset that this measure is **legally distinct from the proposed Union handling fee** envisaged in the context of the UCC reform, which is expected to enter into force in November 2026 (see section 3.2.2.b.), in that it constitutes a new customs duty based on a simplified temporary tariff treatment applicable to certain goods[115]. Nevertheless, the temporary customs duty performs a function comparable to that of the handling fee, insofar as it is likewise intended to offset the increased operational costs borne by customs authorities as a result of intensified control requirements.

This is reflected in the fact that the phasing-out of the temporary duty is expressly linked to the operational deployment of the abovementioned Union IT infrastructure designed to reduce administrative burdens related to notification and control of customs debts. This duty will in fact **apply**

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[109] Council of the EU, Council Regulation amending Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold, 4 February 2026, 5744/26, ADD 1, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CONSIL:ST_5744_2026_ADD_1.

[110] EC, Proposal for a Council Regulation amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold, COM(2023) 259 final, Article 3.

[111] See Council Regulation amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold – Political agreement, 16804/25, Article 2(2).

[112] See: EC Staff Working Document, accompanying the European Commission Communication, A dynamic EU budget for the priorities of the future: the Multiannual Financial Framework 2028-2034, {COM(2025) 570 final} - {SWD(2025) 571 final}, SWD(2025) 570 final/2, para. 6.2. and ECA, Opinion 04/2026 (pursuant to Article 287(4) TFEU) concerning the proposal for a Decision on the system of own resources of the European Union (COM(2025) 574 final, paras. 7 and 29.

[113] Council Directive (EU) 2017/2455 of 5 December 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods, OJ L 348, 29.12.2017, p. 7.

[114] See Council Regulation amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold – Political agreement, 16804/25, Recital (5) and Article 1a.

[115] Ibid., Recital (5a)

from 1 July 2026 until 1 July 2028, with the possibility of extension should that infrastructure not yet be fully operational by that date[116].

Notably, the scope of the temporary duty does not extend to all consignments below EUR 150 but only to **goods** for which the sellers (i.e. online marketplaces and intermediaries) are registered under the EU's Import One-Stop Shop (**IOSS**) **VAT scheme**[117]. Importers not registered in that system remain subject to the standard customs tariff. Although, according to the Council, IOSS-registered sellers account for 93% of all-ecommerce flows to the EU, the Council itself acknowledges that this differentiated treatment may create a risk of diversion of trade flows[118]. Should this risk materialise, the EC may decide to submit a proposal extending the temporary customs duty to all goods valued below EUR 150[119].

Like the removal of the duty exemption for consignments below EUR 150, the temporary single customs duty will also affect the indirect financing of customs authorities by increasing the volume of TOR retained by Member States and thereby augmenting the potential resources available to national customs administrations. However, the **concrete economic impact of this temporary customs duty on the funding of customs authorities remains difficult to quantify**.

Compared with the "duty bucketing system" initially proposed by the EC – which envisaged five duty buckets for good valued below EUR 150, with rates ranging from 0% to 17%[120] – this simplified flat-rate approach may prove less revenue-generating. At the same time, a fixed duty is significantly simpler and less costly for customs authorities to administer and enforce. It is however noteworthy that the Council has expressly recognised the difficulties faced by customs authorities to ensure the implementation of the removal of the customs duty exemption, by providing that these circumstances should be taken into account in assessing whether Member States should be **released from their obligation to make the corresponding amounts available** to the EC where they prove irrecoverable[121].

Table 2: Compensating measures for increasing costs related to B2C low-value e-commerce

Measure	Legal text	Applicability
Removal of 150 EUR customs duty threshold	Council Regulation amending Regulation (EC) No 1186/2009	1 July 2026
Temporary 3 EUR customs duty	Council Regulation amending Regulation (EC) No 1186/2009	1 July 2026 – 1 July 2028
Union handling fee	Regulation establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013	1 November 2026

Source: Authors' own elaboration based on Council's negotiating mandate or approved texts.

[116] Ibid., Article 1a and 1b(2).

[117] Ibid., Recital (5a, 5b)

[118] Ibid., Recital (5d).

[119] Ibid., Article 1b(1).

[120] See EC, Proposal for a Council Regulation amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold, COM(2023) 259 final, recital (5, 6), Article 1 and Annex to Regulation.

[121] See Council Regulation amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold - Political agreement, 16804/25, Recital 5c.

3.1.2. Direct contributions for customs and market surveillance authorities in the next MFF

As analysed above (section 2.2.1.b.), under the 2021–2027 MFF, customs and market surveillance authorities receive direct contributions from the EU budget. However, these contributions do not cover current expenditure, as staffing and core operational costs continue to be borne by the Member States.

More specifically, customs authorities benefit from two main forms of direct Union funding: the Customs Programme established by Regulation (EU) 2021/444 and the CCEI established by Regulation (EU) 2021/1077. These instruments reflect a policy rationale according to which Union-level financial support is justified where actions generate clear European added value, notably in the fields of cooperation, interoperability, digitalisation and control equipment.

The Customs Programme primarily supports cooperation activities, the development and operation of European electronic systems, joint actions, training and capacity-building initiatives, while the CCEI focuses on the purchase, maintenance and upgrading of customs control equipment. Together, these instruments provide an important, though targeted and project-based, contribution to the operational capacity of customs authorities.

Both instruments cover the period 2021–2027, and provide for financial allocations amounting respectively to EUR 950 million for the Customs Programme and approximately EUR 1 billion for the CCEI.[122] They also differ as to the co-financing rate applicable to eligible costs: whereas the Customs Programme provides for contributions with a co-financing rate of up to 100%, the equipment instrument contributes to financing up to a maximum ceiling of 80% of eligible costs.

Market surveillance authorities, by contrast, benefit from more limited forms of Union support. Regulation (EU) 2019/1020 allows Union funding for specific cross-border or horizontal market surveillance activities, notably through the SMP, but does not establish a permanent or structural mechanism for financing national market surveillance authorities. Union support in this area therefore remains largely confined to coordinated actions, IT tools, training and pilot projects, while core operational funding continues to rest with the Member States.

The current landscape of direct contributions to the financing of customs and market surveillance authorities is, however, set to undergo **significant change with the next 2028-2034 MFF**.

The EC has proposed a major reconfiguration of spending programmes through the **consolidation of several existing programmes into a single integrated instrument**. The simplification of the MFF architecture and reduction in the overall number of programmes is considered a key source of flexibility, intended to support the Union's strategic priorities and better respond to evolving and emerging needs, while ensuring compliance with the repayment obligations arising from NextGenerationEU[123].

More specifically, in the areas of customs and the internal market, the EC proposes the creation of the **Single Market and Customs Programme (SMCP)**. This new programme brings together several previously distinct spending lines, including the SMP, the Customs Programme, and Tax Cooperation and Anti-Fraud Activities.

The proposed reorganisation of funding programmes makes it impossible to establish a precise and direct comparison with the funding lines under the current MFF. Nevertheless, the table below aims to

[122] See Article 4, Regulation (EU) 2021/1077.

[123] EC, Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, A dynamic EU Budget for the priorities of the future – The Multiannual Financial Framework 2028-2034, COM(2025)570 final, p. 2.

identify possible correspondences between the SMCP and the related programmes within the current MFF.[124]

Table 3: Comparison of the proposed SMCP (2028–2034 MFF) with corresponding programmes under the current 2021–2027 MFF

Programme	MFF 2021–2027 (EUR million, current prices)	Proposed MFF 2028–2034 (EUR million, current prices)
SMP*	1 628,00	2 678,29
Customs	950,00	2 721,70
Anti-Fraud	181,00	362,72
Tax Cooperation	269,00	475,40
CCEI	1 009,00	–
TOTAL	**4 037,00**	**6 238,12**

Source: Authors' own elaboration based on EC Proposal for the SMCP under the current (2021–2027) and proposed (2028–2034) MFF.

Note 1: The current SMP amounts in total to EUR 4 208,00 million. However, only the funding lines relevant to the internal market have been included, based on the calculation set out in ECA Opinion 08/2026.

Note 2: Under the proposed 2028–2034 MFF, the "CCEI-type interventions" implemented by EUCA would be incorporated into the Customs programme.

Overall, the table indicates that funding under the proposed SMCP has increased substantially compared with the amounts allocated to the corresponding actions under the current 2021–2027 MFF. More specifically, **significant increases are envisaged for customs, tax cooperation and anti-fraud activities**.

As regards customs, the marked increase in the budgetary allocation should not, however, be interpreted as a proportional increase in direct financial support to national customs authorities. According to the EC proposal, the **expansion of the customs envelope is closely linked to the establishment of** new centralised Union-level initiatives, notably **the European Union Customs Authority** (EUCA) and the **Customs Data Hub**. It is therefore reasonable to assume that a substantial share of the resources earmarked for customs within the SMCP will be absorbed by these initiatives, which are designed to strengthen coordination, data integration and risk analysis at Union level.

While investments in the EUCA and the Customs Data Hub are likely to generate significant European added value and to address long-standing weaknesses in customs cooperation and IT interoperability, they do not primarily take the form of direct financial transfers to national customs authorities for their day-to-day operational needs. Moreover, the proposed SMCP grants the EC **increased flexibility to reallocate resources within the programme in response to evolving policy priorities.** Although such flexibility may enhance the responsiveness of Union spending at aggregate level, it also reduces the predictability and visibility of funding streams for national authorities, whose enforcement responsibilities remain largely exercised at Member State level.

[124] The comparison draws on the data compiled by the European Court of Auditors in its Opinion 08/2026 (pursuant to Article 322(1) TFEU) concerning the proposal for a Regulation of the European Parliament and of the Council establishing the Single Market and Customs Programme for the period 2028–2034, repealing Regulations (EU) 2021/444, (EU) 2021/690, (EU) 2021/785, (EU) 2021/847 and (EU) 2021/1077 [COM(2025) 590 final], Publication Office of the European Union, 2026, para 7.

For market surveillance authorities, the proposed framework does not introduce a comparable scaling-up of direct Union funding. Although the SMCP envisages the continuation and development of cross-cutting services, IT tools and coordinated actions in support of market surveillance, it does not establish a dedicated and stable mechanism for financing the core enforcement activities of national authorities, despite the expansion of their tasks in the online and cross-border environment.

Overall, the proposed evolution of Union funding under the next MFF confirms a **strategic shift towards centralised infrastructures and coordination mechanisms**. While this shift is justified by the need to address challenges that are inherently European in nature, it **does not, in itself, resolve the structural funding gap affecting national customs and market surveillance authorities**. On the contrary, it **reinforces the need to consider complementary financing mechanisms** capable of ensuring that increased Union-level investment translates into sustainable enforcement capacity at national level.

3.2. Fees or charges

A second possible alternative form of financing for customs and market surveillance authorities is the collection of **fees or charges**.

These fees or charges should be **clearly distinguished from other levies** imposed on economic operators under EU law, such as production levies imposed on milk or sugar deliveries exceeding national reference quantities (quotas) under the Common Agricultural Policy[125].

Such levies constitute taxes on production under EU law[126], and form part of the TOR (see section 2.2.1.a.). By contrast, fees are characterised by the existence of a synallagmatic relationship between a competent public authority and a specific legal person, whereby the latter pays a **sum of money as consideration for the provision of a specific service from which that legal person directly benefits**.

Within the EU legal order, there are several examples of service fees that are either authorised or imposed by Union law. Among the former, a key example is provided by the fees or charges collected by national authorities responsible for carrying out official controls on imported or exported goods. Among the latter, particular attention should be drawn to the fees collected by certain EU decentralised agencies on the economic entities that benefit from their supervisory and/or surveillance services.

Against this background, the analysis will first outline the main characteristics of such service fees. It will then examine whether, and under what conditions, these fees could be applied by market surveillance and customs authorities. In particular, it will assess the costs and benefits associated with the introduction of such fees and will consider whether guiding principles for determining their level exist, or can be derived, from secondary EU legislation.

3.2.1. The distinctive features of existing fees or charges

First, as regards **fees or charges levied for official controls on goods**, it should be recalled, on the one hand, that their collection has consistently been regarded as legitimate under CJEU case law.

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[125] Council Regulation (EEC) No 856/84 of 31 March 1984 amending Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products, OJ L 90, 1.4.1984, p. 10 and Council Regulation (EEC) No 3950/92, of 28 December 1992, establishing an additional levy in the milk and milk products sector, OJ L 405, 31.12.1992, pp. 1–5; Regulation No 1009/67/EEC of the Council of 18 December 1967 on the common organisation of the market in sugar, OJ 308, 18.12.1967, pp. 1–15 and Council Regulation (EC) No 318/2006 of 20 February 2006 on the common organisation of the markets in the sugar sector, OJ L 58, pp. 1–31.

[126] That is, compulsory and unrequited payments levied by the EU institutions, under the United Nations: System of National Accounts (SNA) 2008, § 7.71, United Nations, New York, 2009; see also CJEU, Judgment of 19 December 2019, *Cargill Deutschland*, C-360/18, EU:C:2019:1124, para. 39 and the cited case-law.

More specifically, the Court has held that such fees or charges – provided that they (i) constitute consideration for a service actually rendered, or relate to a general system of internal dues, or are the compensation of an obligation prescribed by Union secondary law, and (ii) do not exceed the actual cost of the control for which they were charged – are **not to be regarded as charges having equivalent effect to customs duty or quantitative restrictions to the free movement of goods**[127].

On the other hand, and more importantly, secondary EU legislation already imposes an **obligation** on national authorities conducting market surveillance activities that fall outside the scope of Regulation (EU) 2019/1020 **to levy fees to cover the costs** incurred in performing those activities. A key example is the **financing of official controls** performed on animals and goods to ensure compliance with EU food and feed law under Regulation (EU) 2017/625.

More specifically, this Regulation provides that fees or charges must be fully transparent and calculated in accordance with **two alternative methods**[128]. Fees and charges may be calculated so as to cover the actual cost of each individual official control and imposed solely to the operators concerned[129]. Alternatively, fees and charges may take the form of a flat rate calculated on the basis of the overall costs of all official controls performed by a given competent authority over a period of time, and imposed on all operators irrespective of whether or not they are subject to an official control during that period[130]. In the latter case, fees or charges must be designed so as to reward operators with a "consistent good record of compliance" with relevant EU legislation[131]. Furthermore, operators shall only be charged with a fee or charge where the official control leads to the confirmation of non-compliance[132].

Box 2: Mandatory fees or charges for food safety official controls

Articles 79(1,2) and 80 of Regulation (EU) 2017/625 establish an obligation to cover the costs incurred by competent authorities in performing official controls through the collection of **mandatory fees or changes**. According to Recital 66 and Article 82(3,4) of the Regulation, such fees or charges should "cover, but not exceed," the actual costs incurred, which may include not only the direct costs of controls but also the supporting and organisational costs necessary for their planning and execution. More specifically, Article 81 sets out an exhaustive list of items that shall be taken into account when determining the costs of official controls, which include not only personnel and equipment costs, but also expenditure related to training and to services provided by third parties, including those required for carrying out laboratory analyses and tests.

Second, as regards the **fees or charges levied by EU decentralised agencies** on the recipients of their services, it should first be clarified that there is no general rule applicable to all agencies regarding the use of this financing instrument. The decision to provide for a decentralised agency to be partially or

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127 See, to that effect, CJEU, Judgments of 25 January 1977, *Bauhuis*, C-46/76, ECLI:EU:C:1977:6, paras 10-14, 28-36, 41-42, 48 and 51, of 31 May 1979, *Denkavit Loire*, C-132/78, ECLI:EU:C:1979:139, paras 7-8, of 21 March1991, *Commission v Italy*, C-209/89, ECLI:EU:C:1991:139, paras 9-10; see also CJEU, Judgments of 23 March 2000, *Berendse-Koenen*, C-246/98, ECLI:EU:C:2000:153, paras 24-25 and of 11 December 2003, *Deutscher Apothekerverband*, C-322/01, ECLI:EU:C:2003:664, paras 52-54.

128 Recitals 66 and 68 and Article 85 of Regulation (EU) 2017/625, according to which transparency as regards fees and charges entails an obligation to make available to the public information on the method and data used to establish them, their amount, and the identity of the bodies responsible for their collection.

129 Ibid., Article 82(1)(b).

130 Ibid., Article 82(1)(a).

131 Ibid., Recital 66.

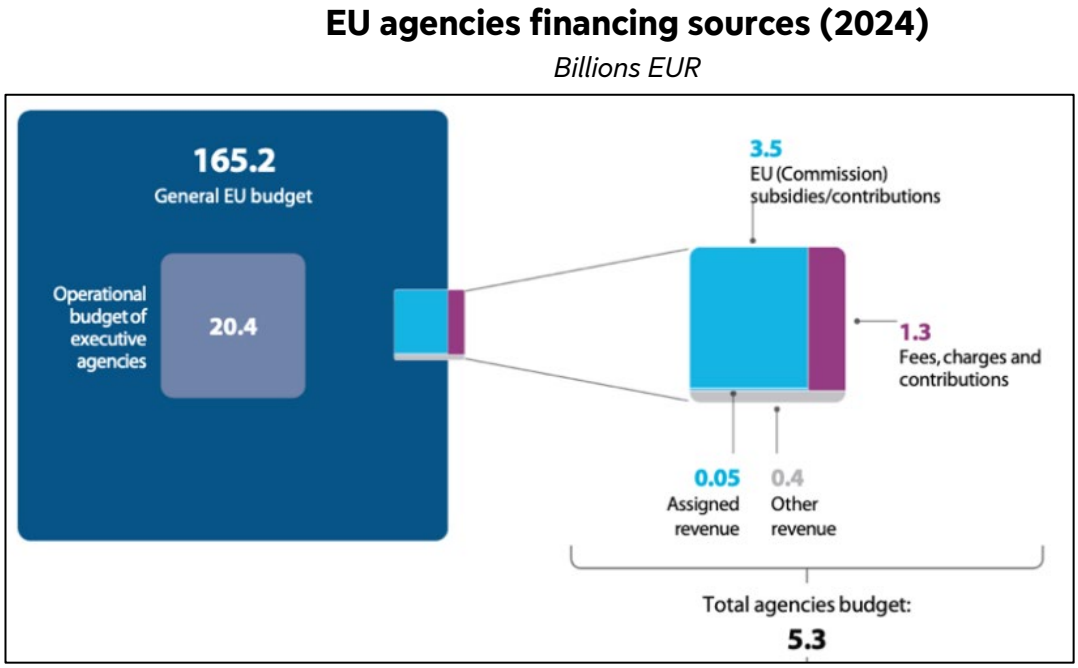
132 Regulation 2017/625, Article 83(1).

fully financed through fees or charges ultimately lies with the **EU legislators**, in the context of the adoption or revision of the regulation establishing the agency.

Currently, of the thirty-four EU "decentralised" agencies in operation, a significant minority (twelve) are partly or fully self-financed through fees or charges. In the large majority of cases (eight), such fees or charges complement direct subsidies from the Union general budget, accounting for approximately **one third of the agencies' total funding**, as illustrated in the figure below. Only a limited number of EU agencies (four) are entirely self-financed through fees or charges.[133]

For the purposes of the present analysis, two examples have been selected from each of these two categories of EU decentralised agencies: the European Union Intellectual Property Office (EUIPO) and the Single Resolution Board (SRB) as fully self-financed agencies, and the European Medicines Agency (EMA) and the European Banking Authority (EBA) as partly self-financed agencies.

Figure 3: Fee-based financing of EU agencies



Source: General budget of the European Union for the 2024 financial year; 2024 annual accounts of the European Union; annual activity reports of the executive agencies for 2024, as compiled by the ECA in the *Annual report on EU agencies for the 2024 financial year*[134].

As regards the rules concerning the calculation of these fees and charges, the Framework Financial Regulation applicable to EU decentralised agencies (FFR)[135] essentially confines itself to laying down

[133] See ECA, *Annual report on EU agencies for the 2024 financial year*, Publications Office of the European Union, 2025, 1.2, 1.12, 1.15, 1.8; see also See EP – Directorate-General for Internal Policies, Policy Department D: Budgetary Affairs, *Potential Revenue from the extension of charging fees by EU Agencies*, PE 621.782, 2018, pp. 38 and 47.

[134] It should be noted that the ECA's *Annual report on EU agencies for the 2024 financial year* also cover entities that do not qualify as decentralised agencies – such as executive agencies, the EPPO, and the EIT – for a total of 43 bodies. By contrast, the interinstitutional definition of EU decentralised agencies employed in the present study excludes all entities other than actual "regulatory" bodies. Moreover, and contrary to the ECA classification, this definition does include the SRB. The proportion of self-financing of agencies' budgets through fees shown in the graph must therefore be adjusted to take account of the fact that some of the bodies other than agencies included in the graph are entirely financed from the Union budget, while one decentralised agency excluded from the report (the SRB) is, by contrast, fully self-financed through such fees.

[135] EC, Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council, OJ L 122, 10.5.2019, pp. 1–38.

two principles, which apply only to partly self-financed agencies[136]. First, the FFR provides that, as a general rule, revenues arising from fees and charges are not assigned to specific items of expenditure, but are entered into the agency's general budget, in accordance with the **principle of universality** and the so-called universal budgeting model[137]. Although, by way of exception, the founding regulations may provide for the so-called "assigned revenue model"[138], the majority of partially self-financed agencies, including EMA and EBA, operate under the universal budgeting model.

Second, in line with the principle of balance between revenue and appropriations, the FFR requires that fees and charges be **set at a "level such as to avoid a significant accumulation of surplus"**, and that this level be revised where such accumulation occurs[139]. However, the FFR does not explicitly determine whether fees or charges must fully cover the costs incurred by the agency in providing the service, nor does it lay down the methods for calculating those fees and charges[140]. A non-binding indication in this regard is nonetheless provided by the 2012 Common Approach of the European Parliament (EP), the Council of the European Union, and the EC on the EU decentralised agencies, which states that fees or charges levied by partly self-financed agencies **should cover the "full cost of the services"** provided[141].

An analysis of the founding regulation of the four EU decentralised agencies considered further reveals that, on the one hand, irrespective of whether they constitute the sole source of funding of the agency or merely a complementary one, the **determination of fees** is not necessarily regarded as an essential element of the founding legislative act, reflecting a political choice that must be reserved to the legislator[142]. This determination can therefore be **delegated to the EC**[143]. On the other hand, as a general rule, the actual amount of such fees is fixed as a flat rate, rather than being determined in

[136] To the extent that they do not receive any contribution or subsidy from the Union budget, fully self-financed EU decentralised agencies are in fact excluded from the scope of the FR and FFR.

[137] Commission Delegated Regulation (EU) 2019/715, recital 7 and Articles 17(1,2) and 20.

[138] Ibid. As a consequence, in that case, FFR allows any balance to be carried over as assigned revenue, including by offsetting negative results with surpluses accumulated in previous financial years, without the need to repay positive budgetary results to the EC.

[139] Commission Delegated Regulation (EU) 2019/715, Recital 8 and Article 16(1,3).

[140] On the contrary, Article 71, second paragraph, of the Commission Delegated Regulation (EU) 2019/715 provides that fees and charges may be "entirely determined" by legislation or by decisions of the agency's management board.

[141] Joint Statement and Common Approach of the European Parliament, the Council of the EU, and the European Commission on decentralised agencies, available at: https://european-union.europa.eu/document/download/d4199ff4-1e3d-45e6-af7e-90cf1a7b10bc_en?filename=joint_statement_on_decentralised_agencies_en.pdf, para. 39; A second indication provided by the common approach in relation to fully self-financed agencies, but extended to the FFR to partially self-financed agencies, is that relating to the setting of fees at a realistic level to avoid the accumulation of significant surpluses; see ibid., para. 38.

[142] CJEU, Judgments of 5 September 2012, *Parliament v Council*, C-355/10, EU:C:2012:516, paras. 64-66, of 10 September 2015, *Parliament v Council*, C-363/14, EU:C:2015:579, paras. 46-47, and of 28 February 2023, *Fenix International*, C-695/20, ECLI:EU:C:2023:127, paras. 41-42.

[143] See, to that effect, Article 65(3) of Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, OJ L 225, 30.7.2014, pp. 1–90 (SRB) and Article 62(1)(c) of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, OJ L 331, 15.12.2010, pp. 12–47 (EBA). By contrast, In the case of EUIPO and EMA, rules for calculating fees and their level are laid down by the EP and the Council through legislative acts and, more particularly, in Annex I to Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (codification), OJ L 154, 16.6.2017, pp. 1–99 (EUIPO) and in Regulation (EU) 2024/568 of the European Parliament and of the Council of 7 February 2024 on fees and charges payable to the European Medicines Agency, amending Regulations (EU) 2017/745 and (EU) 2022/123 of the European Parliament and of the Council and repealing Regulation (EU) No 658/2014 of the European Parliament and of the Council and Council Regulation (EC) No 297/95, OJ L, 2024/568, 14.2.2024 (EMA). The actual amount of fees and charges levied by EMA can however be adjusted by the EC by means of delegated acts.

proportion to the cost of each specific service provided[144]. As a consequence, such fees **do not necessarily correspond to the actual cost** of the service provided[145].

The experience of fully and partially self-financed EU decentralised agencies offers important insights into the advantages and disadvantages of alternative financing models based on service fees. Overall, service fees collected by EU decentralised agencies have proven to be an **effective instrument for theself-financing of** these bodies[146]. The main difficulty, as illustrated by the case of the EBA, rather lies in ensuring that the attribution of new tasks to agencies occurs hand in hand with the effective introduction of (new) fees or charges to cover the related costs[147].

The more critical issues instead concern the **sound budgetary management of fees and charges**. Where the so-called universal budgeting model is applied, the imposition of fees does not necessarily guarantee full cost recovery, thereby creating a risk of cross-subsidisation by the Union budget[148] and/or of shortfalls in expected revenue, which may in turn require the establishment of reserve funds to offset potential deficits[149]. By contrast, where the assigned revenue model is applied, and fee-funded activities are budgeted separately, the budget tends to become more rigid and the already significant risk of carryovers is further increased, running counter to the budgetary principle of annuality[150].

Moreover, in the case of fully self-financed agencies, the issue arises of how to ensure adequate democratic accountability in the absence of budget discharge by the EP[151]. Conversely, **where fees are mandatory, imposed on all users of the agency's services, and calculated ex ante as flat-rate amounts rather than on an individual, case-by-case basis, they do not appear to pose significant risks to the agencies' independence or to increase the risk of regulatory capture[152].** On the contrary, provided that these conditions are met[153], the EU legislator itself appears to regard fees as an instrument to ensure the agencies' "full autonomy and independence," by safeguarding their budgetary autonomy[154].

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144 See, to that effect, Annex I to Regulation (EU) 2017/1001 (EUIPO); Annex I of Regulation (EU) 2024/568 (EMA); and Articles 3, 5 and 6 of Commission Delegated Regulation (EU) 2017/2361 of 14 September 2017 on the final system of contributions to the administrative expenditures of the Single Resolution Board, OJ L 337, 19.12.2017, pp. 6–14 (SRB).

145 See already EP – Directorate-General for Internal Policies, Policy Department D: Budgetary Affairs, *Partially self-financed EU Agencies and the principle of fee setting*, PE 490.689, 2014, p. 57, insofar as EMA's fees are concerned. Indeed, while in the case of the SRB administrative contributions are calculated on the basis of the administrative expenditures forecast included in the budget, in the other cases it is generally provided only that fees *should* cover the costs of the services concerned; see, to that effect, Article 3 of Commission Delegated Regulation (EU) 2017/2361 (SRB), as compared to Recitals 9 and 12 of Regulation (EU) 2024/568 (EMA) and Recital 1 of Commission Delegated Regulation (EU) 2024/1503 of 22 February 2024 supplementing Regulation (EU) 2023/1114 of the European Parliament and of the Council by specifying the fees charged by the European Banking Authority to issuers of significant asset-referenced tokens and issuers of significant e-money tokens, OJ L, 2024/1503, 30.5.2024 (EBA).

146 See further EP – Directorate-General for Internal Policies, Policy Department D: Budgetary Affairs, *Potential Revenue from the extension of charging fees by EU Agencies*, PE 621.782, 2018, p. 16.

147 See ECA, Annual report on EU agencies for the 2024 financial year, Publications Office of the European Union, 2025, 3.5.6.

148 See EP – Directorate-General for Internal Policies, Policy Department D: Budgetary Affairs, *Partially self-financed EU Agencies and the principle of fee setting*, PE 490.689, 2014, p. 45.

149 See ECA, Annual report on EU agencies for the 2024 financial year, Publications Office of the European Union, 2025, 3.5.6. and EP resolution of 11 April 2024 on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2022: performance, financial management and control (2023/2182(DEC)), para 5.

150 See Ibid., para 14; see further EP – Directorate-General for Internal Policies, Policy Department D: Budgetary Affairs, *Partially self-financed EU Agencies and the principle of fee setting*, PE 490.689, 2014, p. 43 ff.

151 The abovementioned Common Approach on decentralised agencies (para 58) proposed addressing this issue by requiring, through legislation, such authorities to submit an annual report on budget implementation to the EP, the Council of the EU, and the EC, with the budgetary authorities retaining the ability to issue recommendations.

152 See, in the same vein, EP– Directorate-General for Internal Policies, Policy Department D: Budgetary Affairs, *Potential Revenue from the extension of charging fees by EU Agencies*, PE 621.782, 2018, p. 15.

153 See, to that effect, Recital 7 of Regulation (EU) 2024/568.

154 See, in this regard, Recital 37 of Regulation (EU) 2017/1001.

3.2.2. EU handling fees: legal feasibility and advantages

Building on the summary in the previous section of the characteristics, advantages, and disadvantages of the current fees or charges levied for official controls and by EU agencies, this section examines the legal feasibility of introducing similar fees or charges for customs and market surveillance authorities, as well as ongoing initiatives currently under discussion in this regard.

a. Market surveillance authorities

When adopting Regulation (EU) 2019/1020, the **EU legislator deliberately chose not to allow market surveillance authorities to collect administrative fees**.

The EC initial proposal was based on the assumption that effective market surveillance is resource-intensive and that, consequently, the public funding which Member States are required to provide should be supplemented by the collection of fees by market surveillance authorities[155]. More specifically, the EC proposed allowing those authorities to impose administrative fees on economic operators, with a view to recovering the costs incurred in relation to products found to be non-compliant, including all costs necessary to verify compliance with applicable Union law[156].

The EP largely supported this approach, subject to two conditions. First, the fees would have to cover the full costs of activities linked to non-compliant products and be proportionate to the type of non-compliance. Second, the revenue generated would have to be used exclusively to finance additional market surveillance activities[157].

Despite these adjustments, Member States opposed the EC proposal[158]. They called for the recommendation to supplement public funding for market surveillance authorities through ex ante administrative fees applicable to all economic operators to be replaced by a more limited faculty to **"reclaim" the costs** of surveillance activities related to non-compliant products **from the individual economic operators concerned**[159].

The interinstitutional negotiations ultimately converged on the Member States' counterproposal, which is reflected in the current wording of Regulation (EU) 2019/1020[160]. The Regulation authorises only the ex post recovery of costs incurred in cases of non-compliance by the economic operator concerned[161]. Such recovery clearly amounts to reimbursement and does not constitute budgetary revenue – whether

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155 EC, Proposal for a Regulation of the European Parliament and of the Council laying down rules and procedures for compliance with and enforcement of Union harmonisation legislation on products and amending Regulations (EU) No 305/2011, (EU) No 528/2012, (EU) 2016/424, (EU) 2016/425, (EU) 2016/426 and (EU) 2017/1369 of the European Parliament and of the Council, and Directives 2004/42/EC, 2009/48/EC, 2010/35/EU, 2013/29/EU, 2013/53/EU, 2014/28/EU, 2014/29/EU, 2014/30/EU, 2014/31/EU, 2014/32/EU, 2014/33/EU, 2014/34/EU, 2014/35/EU, 2014/53/EU, 2014/68/EU and 2014/90/EU of the European Parliament and of the Council, COM(2017)0795 final, recital 35.

156 See ibid., Article 21(2).

157 See EP, Draft Legislative Resolution on the proposal for a regulation of the European Parliament and of the Council laying down rules and procedures for compliance with and enforcement of Union harmonisation legislation on products and amending Regulations (EU) No 305/2011, (EU) No 528/2012, (EU) 2016/424, (EU) 2016/425, (EU) 2016/426 and (EU) 2017/1369 of the European Parliament and of the Council, and Directives 2004/42/EC, 2009/48/EC, 2010/35/EU, 2013/29/EU, 2013/53/EU, 2014/28/EU, 2014/29/EU, 2014/30/EU, 2014/31/EU, 2014/32/EU, 2014/33/EU, 2014/34/EU, 2014/35/EU, 2014/53/EU, 2014/68/EU and 2014/90/EU of the European Parliament and of the Council, (COM(2017)0795 – C80004/2018 – 2017/0353(COD)).

158 See Council of the EU, Proposal for a Regulation of the European Parliament and of the Council on market surveillance and compliance of products and amending Council Directive 2004/42/EC, Regulations (EC) No 765/2008 and (EU) No 305/2011 of the European Parliament and of the Council – mandate for negotiations with the European Parliament, 14313/1/18 REV 1.

159 See ibid., recital 16a and Article 14a(1).

160 See also, in the same vein, Regulation (EU) 2019/1020, Recital 49.

161 Pursuant to Article 15(1) of Regulation (EU) 2019/1020, titled "Recovery of costs by market surveillance authorities", "Member States may authorise their market surveillance authorities to reclaim from the relevant economic operator the totality of the costs of their activities with respect to instances of non-compliance."

assigned or otherwise – available to market surveillance authorities to finance their activities on a structural basis.

It should be recalled, however, that **other surveillance and control activities** provided for by EU secondary law, which are similar or functionally equivalent to those carried out by market surveillance authorities under Regulation (EU) 2019/1020[162], but fall outside its material scope[163], are nonetheless **already financed through service fees or user charges**. This is illustrated by the paradigmatic example of the fees or charges levied for the performance of official controls pursuant to Regulation (EU) 2017/625 (see section 3.2.1.).

This practice demonstrates that there is **no inherent obstacle under EU law to conferring on market surveillance authorities**, by means of EU secondary law, **the faculty** – or, where appropriate, the obligation – **to impose fees or charges on economic operators subject to controls**.

Such obligations may be established either through sector-specific legislative acts providing for those controls or horizontally through a revision of Regulation (EU) 2019/1020 itself, which operates as a *lex generalis* in the absence of more specific rules in the relevant sector concerned[164]. In both cases, Articles 78 to 85 of Regulation (EU) 2017/625 could serve as a useful **blueprint** for the design of general or specific provisions governing such fees or charges. The amounts of such fees and the rules for their determination could instead be laid down by the EC in a subsequent delegated act, as is the case for certain EU decentralised agencies.

In this context, it would be **preferable to choose**, between the two alternative methods for calculating such fees or charges provided for in Regulation (EU) 2017/625, to adopt the approach based on **service fees covering the full and actual cost of the controls and borne by the economic operators concerned by the controls**. A system relying on flat-rate fees charged on all relevant economic operators, irrespective of whether controls are actually performed on their goods, could, in fact, amount to a disguised form of taxation rather than a service fee.

b. Customs authorities

The UCC currently in force establishes a **general prohibition on the imposition of charges by customs authorities** for the performance of customs controls or the application of customs legislation[165]. Furthermore, the UCC contains no reference to the possibility or desirability of alternative financing mechanisms for customs authorities, additional or complementary to traditional public funding sources.

However, the UCC provides for **specific derogations from this general prohibition**, including, in particular, the possibility to impose charges or recover costs for analyses, examinations, or sampling, as well as for **"exceptional control measures"**, where these are "necessary due to the nature of the goods or to a potential risk"[166].

Arguably, the wording of these derogations could, in principle, allow for a relatively broad interpretation, especially in order to address extraordinary and unforeseeable circumstances that pose an actual or potential risk to the full and uniform application of the UCC. However, as exceptions to the

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[162] Pursuant to Article 3(3) of Regulation (EU) 2019/1020, "'market surveillance' means the activities carried out and measures taken by market surveillance authorities to ensure that products comply with the requirements set out in the applicable Union harmonisation legislation and to ensure protection of the public interest covered by that legislation".

[163] Ibid., Article 2(1).

[164] Pursuant to Article 2(1) of Regulation (EU) 2019/1020, the latter "shall apply to products that are subject to the Union harmonisation legislation [...] in so far as there are no specific provisions with the same objective in the Union harmonisation legislation, which regulate in a more specific manner particular aspects of market surveillance and enforcement."

[165] Article 52(1), Regulation (EU) No 952/2013.

[166] Ibid., Article 52(2)(b)–(d).

general rule prohibiting the imposition of charges, such derogations must be interpreted restrictively[167]. It is therefore clear that, as a matter of principle, the UCC is, as of today, founded on the exclusion of fees or charges for services provided by customs authorities.

Initially, the EC proposal for a new UCC put forward in 2023 did not seek to alter this framework. Rather, it confirmed both the general prohibition on charges and the existing derogations[168]. However, the dramatic surge in e-commerce imports (see section 2.3.3.) has prompted the EC to reconsider its approach.

The EC has acknowledged that the sharp increase in direct imports of low-value goods purchased by European consumers has not been matched by a corresponding increase in border handling capacity[169], thus giving rise to what the EP has referred to as **"enforcement gaps"**[170]. This imbalance can partly be attributed to the concentration of such imports in six Member States – including three of the five Member States examined in the present study, namely France, Italy, and the Netherlands – which has resulted in a substantial increase in supervisory costs for the respective customs authorities[171].

In order to fully address the risks posed to consumer health and safety, environmental protection, and the Union's competitiveness by the imports of such products into the internal market[172], the EC has therefore put forward a "handling fee" on e-commerce items imported directly by consumers, to be paid by the relevant online marketplaces[173].

This proposal was swiftly incorporated into the Council's negotiating mandate on the new UCC, approved on 27 June 2025[174]. In principle, it has also received the support of the EP, subject to the condition that it fully complies with World Trade Organisation (WTO) rules and that the fee is not borne by consumers[175].

More specifically, under the Council's proposal, **national customs authorities would be required to collect a "Union handling fee"** for services provided in connection with the release for free circulation of goods sold through e-commerce[176].

This fee would be predetermined, non-refundable, and set to correspond, in whole or in part, to the approximate costs of the services provided by customs authorities[177]. It would be incurred by the importer at the time of importation for each individual item within a consignment, and not by consumers

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167 See, inter alia, CJUE, Judgments of 5 December 2019, *Centraal Justitieel Incassobureau (Recognition and enforcement of financial penalties)*, C-671/18, EU:C:2019:1054, para. 31, and of 6 October 2021, *Prokuratura Rejonowa Łódź-Bałuty*, C-338/20, EU:C:2021:805, para. 24.

168 See EC, Proposal for a Regulation of the European Parliament and of the Council establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013, COM(2023)258 final, Article 18(2))

169 EC, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A comprehensive EU toolbox for safe and sustainable e-commerce, COM(2025)37 final, p. 6.

170 EP resolution of 9 July 2025 on product safety and regulatory compliance in e-commerce and non-EU imports (2025/2037(INI)), para. 11.

171 EC, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A comprehensive EU toolbox for safe and sustainable e-commerce, COM(2025)37 final, p. 7.

172 Ibid., pp. 2-5.

173 Ibid., pp. 7–8.

174 See Council of the EU, Proposal for a Regulation of the European Parliament and of the Council establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013 – Partial mandate for negotiations with the European Parliament, 10462/25.

175 EP resolution of 9 July 2025 on product safety and regulatory compliance in e-commerce and non-EU imports (2025/2037(INI)), para. 50, also "insist[ing] that Member States should avoid unilateral fees to avoid a fragmentation of the customs union".

176 Council of the EU, Proposal for a Regulation of the European Parliament and of the Council establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013 – Partial mandate for negotiations with the European Parliament, 10462/25, Article 18(1a).

177 Ibid., Article 18(1b, 1e and 3).

at the point of delivery[178]. The amount of the fee and the procedure for its collection would be determined by the EC, through delegated and implementing acts, respectively[179]. The EC would also be required to verify its proportionality in relation to service costs through a report to be published every two years[180]. The Union handling fee would **apply from November 2026**[181].

Although its material scope would be formally limited to a specific sector, namely e-commerce, the Union handling fee would nonetheless constitute a far-reaching innovation in the financing of customs authorities. It would **introduce, for the first time, the possibility for customs authorities to collect a genuine service fee comparable to those levied by the EU decentralised agencies** analysed above. Moreover, considering the statistical weight of the goods subject to this handling fee in relation to total imports (see section 2.3.3.a.), the measure would in practice have a general scope, particularly for the customs authorities of the six most exposed Member States.

More generally, the EU legislator's openness to the possibility – at least for customs authorities, if not for market surveillance authorities – of complementing public funding through the imposition of fees signals a potentially appropriate evolution of the existing funding model. Studies carried out on decentralised agencies that are partially self-financed through fees indicate that, **when applied to supervisory and control activities comparable to those performed by customs and market surveillance authorities, such alternative financing mechanisms can be effective** (see section 3.2.1.)[182]. In particular, fee-based systems are considered to facilitate improved planning, more accurate resource allocation, and, consequently, better budget execution and greater adaptability to stakeholders' needs[183].

Those studies also make clear that the introduction of fees does not, in itself, guarantee the full and effective performance of the authority's tasks[184]. Depending on the budgeting model adopted, fee revenues may even limit budgetary flexibility, thereby contributing to increased rigidity in the authorities' budgets, especially where such revenues are assigned to the activity that generate them[185]. This risk may, however, be mitigated by resorting to a universal budgeting model.

Unlike in the case of decentralised agencies, the use of such a model for customs and market surveillance authorities **does not appear to give rise to comparable risks of cross-subsidisation**[186], given that these authorities exercise a largely coherent set of functions vis-à-vis similar categories of economic operators. By contrast, the need for fees to be set in a transparent manner and at a level enabling the full recovery of the costs actually incurred in carrying out the fee-funded activities – strongly advocated by the Union's political institutions in relation to EU decentralised agencies – applies equally to customs and market surveillance authorities. This approach is consistent with the guidelines of the Organisation for Economic Co-operation and Development (OECD)[187] and is essential

178 Ibid., Articles 5(65) and 18(1d).

179 Ibid., Article 18(3-4).

180 Ibid., Article 18(1g).

181 Ibid., Article 264(3)(b).

182 See EP– Directorate-General for Internal Policies, Policy Department D: Budgetary Affairs, *Potential Revenue from the extension of charging fees by EU Agencies*, PE 621.782, 2018, p. 53.

183 Ibid., pp. 11 and 81.

184 Ibid., pp. 15 and 82.

185 Ibid., p. 11.

186 See EP – Directorate-General for Internal Policies, Policy Department D: Budgetary Affairs, *Partially self-financed EU Agencies and the principle of fee setting*, PE 490.689, 2014, p. 36.

187 See EP – Directorate-General for Internal Policies, Policy Department D: Budgetary Affairs, *Potential Revenue from the extension of charging fees by EU Agencies*, PE 621.782, 2018, p. 12.

to ensure that fees are not set at disproportionate levels, which could result in their being reclassified as disguised taxes or duties.

According to estimates by EC and ECA, the introduction of a Union handling fee would generate **annual revenue** of approximately **EUR 4,6 billion** (EUR 5,2 billion in current prices)[188]. The **medium-term effectiveness of this new source of funding for customs authorities will, however, depend on its legal classification**. According to the Council proposal, "the revenue from the Union handling fee shall be made available to the Union and to the Member States"[189]. It therefore appears that such **revenue would fall within the category of TOR**. This is confirmed by the proposed Own Resources Decision, which clarifies that all "amounts related to e-commerce as established under the [UCC] fall into the category of [TOR]" and that the "Union handling fee" would accordingly constitute a TOR[190].

As such, the Union handling fees would form part of the resources that Member States are required to collect on behalf of the Union, from which they may retain a percentage – currently set at 25% – a portion of which is subsequently allocated to the budgets of the national customs authorities (see section 2.2.1.a.). The proposed Own Resources Decision provides for a derogation whereby, between November 2026 and the end of the current MFF (i.e. 31 December 2027), the amounts related to Union handling fees would not be made available to the EC and would therefore be retained by the Member States.[191] However, in the unlikely event that **the EC proposal to reduce the TOR retention rate from 25% to 10% were to be accepted by the Council** (see section 3.1.1.a. above) **the actual impact of the Union handling fee on the financing of national customs authorities in the next MFF would be significantly limited**. In such circumstances, it would be even more appropriate for Member States to allocate the entirety of the amounts retained as TOR to the budgets of the customs authorities.

3.2.3. National service/handling fees under consideration

Insofar as **service fees for market surveillance authorities** are concerned, it is worth noting that one the Member States under review (**Italy**) has introduced an overarching legal framework allowing for the financing of market surveillance authorities through the recovery, from the economic operator concerned, of the full costs of market surveillance activities carried out in relation to products found to be non-compliant[192]. However, this mechanism has not yet been implemented, as the criteria and parameters for calculating the costs to be recovered from economic operators placing non-compliant products on the market are to be laid down by a decree of the Ministry of Economic Development, which has not yet been adopted.

Based on available resources, similar horizontal mechanisms for collecting service fees – applicable to all authorities responsible for market surveillance under Regulation (EU) 2019/1020 – do not appear to be under consideration in the other Member States examined. As noted above (section 2.2.2.a.), such service fees are therefore applied only on a case-by-case basis by certain authorities, notably in Poland

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188 See EC Staff Working Document, accompanying the European Commission Communication, A dynamic EU budget for the priorities of the future: the Multiannual Financial Framework 2028-2034, {COM(2025) 570 final} - {SWD(2025) 571 final}, SWD(2025)570 final/2, para 6.2 and European Court of Auditors, Opinion 04/2026 (pursuant to Article 287(4) TFEU) concerning the proposal for a Decision on the system of own resources of the European Union (COM(2025) 574 final), Publication Office of the European Union, 2026, paras 7 and 29.

189 Council of the EU, Proposal for a Regulation of the European Parliament and of the Council establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013 – Partial mandate for negotiations with the European Parliament, 10462/25, Article 18(1c).

190 See EC, Proposal for a Council Decision on the system of own resources of the European Union and repealing Decision (EU, Euratom) 2020/2053, COM(2025) 574 final, Explanatory Memorandum and Recital 4.

191 Ibid., Article 13(9), read in conjunction with Article 11(2-4).

192 Article 10 of Decreto Legislativo del 12 ottobre 2022, n. 157, "Adeguamento della normativa nazionale alle disposizioni del regolamento (UE) 2019/1020 del Parlamento europeo e del Consiglio, del 20 giugno 2019, e semplificazione e riordino del relativo sistema di vigilanza del mercato", GURI n. 248 of 22.10.2022.

and the Netherlands. In the latter instance, however, these fees seem to relate to official controls under Regulation (EU) 2017/625, which fall outside the scope of Regulation (EU) 2019/1020 (see sections 3.2.1. and 3.2.2.a.).

With regard to **customs authorities**, most Member States most exposed to B2C e-commerce imports seem to have actively **considered introducing national handling fees for those authorities**. However, it should be clarified from the outset that, with the (partial) exception of Italy and Romania, national discussions on this issue have generally **not resulted in the introduction of such fees**, also in view of the risks associated with fragmented national approaches.

Furthermore, national initiatives were ultimately superseded by the EC proposal for a harmonised European measure, which was promptly endorsed by the Member States within the Council in the form of the aforementioned Union handling fee. Nevertheless, the following section briefly presents the national approaches adopted in this regard in the five Member States examined in the present study.

As anticipated, **Italy** has introduced a national handling fee intended to "cover the administrative costs associated with customs compliance requirements for low-value consignments originating from non-European Union countries"[193]. It should however be noted that, while this administrative contribution is justified by reference to the need to reinforce customs supervision and product compliance controls, the relevant legal provisions do not establish any explicit earmarking of the revenue in favour of the Italian customs authority. It follows that the proceeds accrue to the general state budget and are not legally allocated directly or exclusively to the financing of customs administrations. The measure is therefore intended to provide overall budgetary support to the national import control system, without creating a hypothecated funding mechanism for the competent authority.

Box 3: The Italian handling fee for customs authorities

The Italian handling fee for customs authority takes the form of a flat contribution of EUR 2 per parcel for consignments with an intrinsic value not exceeding EUR 150 and is levied at the time of importation. It is intended to apply to all imports carried out after 1 January 2026. Although the measure is in force, it is not currently applicable. First, for reasons related to the technical adaptation of digital infrastructures, the customs authority has provided that, until 28 February 2026, operators are not required to remit the levy immediately. Transactions carried out between 1 January 2026 and 28 February 2026 must nevertheless be recorded by operators and declared no later than 15 March 2026. The payment of the fee will depend upon submission of that declaration. In practical terms, due to this transitional period, the measure cannot be considered as effectively applied in Italy at the time of submission of this report. Second, a bill has currently been tabled with the aim of suspending the measure until July 2026. This initiative must be considered in the framework of the forthcoming EU handling fee concerning low-value consignments, which is expected to enter into force in July 2026 (see section 3.2.2.b.).

In **the Netherlands**, Dutch Customs (Douane) indicated through its official information channels that the introduction of a national handling fee of EUR 2 for e-commerce consignments valued below EUR 150 was under consideration and that preparatory work was ongoing. However, any decision was expressly made conditional upon developments in neighbouring Member States, reflecting concerns that unilateral national measures could result in the diversion of logistics flows to alternative points of

[193] See Article 1, c. 126 of Law 30 December 2025, n. 199, GUSG n. 301 of 30.12.2025.

entry within the Union. Ultimately, in January 2026, the Dutch Ministry of Finance formally suspended the proposal until further notice, stating its intention to await further action at the EU level.

In **France**, the introduction of a national handling fee has been the subject of public debate. The measure has been explicitly linked to the need to reinforce customs controls and to address the sharp increase in low-value parcels entering the internal market. Public reporting indicates that a charge of approximately EUR 2 per small parcel from third countries has been considered, both as a means of strengthening customs enforcement and product-safety controls and as a response to the administrative burden generated by e-commerce imports. At the same time, these discussions have highlighted the potential risk of rerouting consignments through neighbouring Member States.

By contrast, **Spain** does not appear – based on available official sources – to have considered a distinct national handling or shipment fee comparable to the Italian measure or to the Dutch and French proposals. Operational guidance issued by the Spanish tax authorities for low-value imports continues to emphasise existing EU mechanisms, in particular VAT collection through the relevant EU schemes, rather than the introduction of a separate national parcel fee.

Poland has been mentioned in policy and media reporting as exploring national responses to the surge in e-commerce imports. However, based on the sources reviewed, these discussions appear to remain at an exploratory stage. While Poland has been cited among the Member States considering national fees in reaction to the EC initiative, no legislative or regulatory act establishing a national handling fee has been identified. Accordingly, Poland should be described as considering or exploring such a measure, not as having implemented one.

Table 4: National handling fees

	Italy	France	The Netherlands	Spain	Poland
Adopted	V (EUR 2 on < EUR 150)				
Considered		V	V (on hold)		V
Excluded				V	

Source: Authors' own elaboration based on desk research and targeted requests for information.

All in all, the emerging pattern suggests that handling fees may constitute a potentially suitable funding mechanism for customs authorities, provided that they are designed as cost-recovery instruments linked to objectively measurable administrative burdens arising from high-volume low-value consignments, and that the resulting revenue is credibly earmarked for strengthening enforcement capacity (including staffing, IT systems, risk analysis and inspection activities). At the same time, the Dutch experience underscores the risk that **purely national fees may incentivise route shifting within the internal market, thereby reinforcing the policy rationale for a Union handling fee** as part of the broader EU Customs reform agenda.

Beyond considerations of political expediency, even from a strictly legal perspective this appears to be the preferable outcome. The **compatibility of national handling fees with the EU law currently in force** depends essentially on the interpretation of the specific derogation provided for in the UCC (see section 3.2.2.b)[194]. In this respect, the dramatic increase in direct imports of low-value goods purchased

[194] Under Article 52(2), Regulation (EU) No 952/2013. Since this is an area which has been the subject of exhaustive harmonisation at EU level, any national measures must be assessed only in light of the provisions of secondary law harmonizing this area and not in light of

via online marketplaces may undoubtedly be regarded as an extraordinary circumstance, giving rise to significant risks and potentially justifying recourse to that derogation. At the same time, however, this development can no longer be regarded as unforeseeable, nor can the national countermeasures adopted to address it be characterised as exceptional. On the contrary, the sustained growth of such imports points to a structural and permanent trend. From this perspective, the conditions governing the application of the abovementioned derogation do not appear to be fully satisfied.

It therefore appears **desirable for the EU legislator to expressly provide, within the UCC itself, for a further and specific derogation from the general prohibition on the imposition of charges by customs authorities**, allowing them to levy an EU-harmonised fee. The amendments – proposed by the EC and subsequently taken up by the Council in the context of the interinstitutional negotiations on the new UCC Regulation – aimed at introducing a Union handling fee (see section 3.2.2.b.) may thus be regarded as a necessary evolution of the existing legal framework.

3.3. Financial penalties for the violation of EU law

A third alternative option for financing customs and market surveillance authorities, in particular customs authorities, would be to transfer to their budgets (some of) the proceeds derived from **the financial penalties** imposed on legal persons **for the violation of EU law obligations**.

It should be noted at the outset, before turning to the substance of this financing alternative, that, among the three alternative complementary financing instruments proposed, this option is the most sensitive from both a political and legal perspective, and probably the most difficult to implement in political and legal terms.

3.3.1. Penalties for the violation of customs and market surveillance regulations

Both the UCC and Regulation (EU) 2019/1020 lay down specific provisions on penalties, which are formulated in largely similar terms. These provisions require Member States to provide for penalties for **any failure**[195] to comply with, respectively, customs legislation and Regulation (EU) 2019/1020, as well as with specific Union harmonisation legislation imposing obligations on economic operators[196].

They further stipulate that such penalties must be "effective, proportionate and dissuasive"[197]. The UCC also provides that, where administrative penalties are applied, they may take, inter alia, the form of a pecuniary charge, including, where appropriate, a settlement in place of a criminal penalty[198].

primary law, particularly those related to the free movement of goods; see, to that effect, CJEU, Judgments of 11 December 2003, *Deutscher Apothekerverband*, C-322/01, EU:C:2003:664, para 64, and of 18 September 2019, *VIPA*, C-222/18, EU:C:2019:751, para 52.

195 The CJEU has consistently held that the concept of "failure to comply with EU customs legislation" within the meaning of Article 42(1) of Regulation (EU) No 952/2013 "does not cover only fraudulent activities, but includes any failure to comply with EU customs legislation, irrespective of whether that non-compliance was intentional or negligent, or even in the absence of any wrongful conduct on the part of the operator concerned"; see, to that effect, CJEU, Judgments of 4 March 2020, *Schenker*, C-655/18, EU:C:2020:157, paras 30 to 32 and 45, of 8 June 2023, *ZES Zollner Electronic*, C-640/21, EU:C:2023:457, para 59, and of 23 November 2023, *J. P. Mali*, C-653/22, EU:C:2023:912, para 29. Arguably, the same reasoning applies, by analogy, to infringements of Regulation (EU) 2019/1020 and of the Union harmonisation legislation to which it refers.

196 Article 42(1) of Regulation (EU) No 952/2013 and Article 41(1) of Regulation (EU) 2019/1020. Pursuant to Article 42(3) of Regulation (EU) No 952/2013 and Article 41(3) of Regulation (EU) 2019/1020, Member States are also under an obligation to notify the Commission of the national provisions in force establishing the required penalties.

197 Article 42(1) of Regulation (EU) No 952/2013 and Article 41(2) of Regulation (EU) 2019/1020.

198 Article 42(2)(a), Regulation (EU) No 952/2013. The Court has clarified that the list of administrative penalties contained in Article 42(2) of Regulation (EU) No 952/2013 is non-exhaustive, so that the Member States may provide for other penalties, such as measures for the confiscation of goods illegally imported into the European union; see, to that effect, CJEU, Judgment of 19 December 2024, *Sistem Lux*, C-717/22, EU:C:2024:104, paras. 59, 62-63 and 66.

These penalties apply irrespective of whether the customs debt has subsequently been extinguished[199].

In addition to this specific provision on penalties, Regulation (EU) 2019/1020 contains a further provision of a more general nature concerning the protection of the Union's financial interests. This provision does not impose a direct obligation on Member States to lay down penalties. Instead, it requires the EC to take appropriate measures to ensure that, in the event of irregularities, the Union's financial interests are protected, where appropriate, by effective, proportionate and dissuasive administrative and financial penalties[200].

Furthermore, as the CJEU has made clear, the provisions of UCC and Regulation (EU) 2019/1020 on penalties must be read in the light of the obligation flowing from Article 325(1) TFEU. This obligation requires Member States to adopt the measures necessary to ensure the effective and comprehensive collection of customs duties and to provide for the application of penalties that are effective and dissuasive in cases of infringement of EU customs legislation[201].

Both the specific provisions, particularly that of the UCC, and the general obligation laid down in Article 325 TFEU have been extensively interpreted by the CJEU. In essence, the CJEU has consistently held that, in the absence of harmonisation of EU legislation in the field of penalties for non-compliance with EU law obligations, Member States retain a margin of discretion as regards the choice of the applicable penalties.

Accordingly, the CJEU has held that the penalties referred to in Article 325 TFEU may take the form of administrative penalties, criminal penalties, or a combination of the two[202]. Similarly, penalties for infringement of customs legislation may include a combination of administrative penalties, such as the imposition of a fine by the competent customs authorities alongside the confiscation of goods illegally imported into the EU[203]. In both cases, however, the severity of the penalties, or of any combination thereof, must be commensurate with the seriousness of the violations and must comply with the principle of proportionality[204].

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[199] See, to that effect, Article 124(2), Regulation (EU) No 952/2013 and CJEU, judgment of 7 April 2022, *Kauno teritorinė muitinė*, C-489/20, EU:C:2022:277, paras. 36-38.

[200] Regulation (EU) 2019/1020, Article 37(1).

[201] See, to that effect, CJUE, Judgment of 5 June 2018, *Kolev and Others*, C-612/15, EU:C:2018:392, paras. 50–53. As regards the scope of the obligation to counter fraud and any other illegal activities affecting the Union's financial interests under Article 325(1) TFEU, see also CJEU, Judgments of 8 September 2015, *Taricco and Others*, C-105/14, EU:C:2015:555, para. 37, and of 5 December 2017, *M.A.S. and M.B.*, C-42/17, EU:C:2017:936.

[202] See, to that effect, CJEU, Judgment of 5 June 2018, *Kolev and Others*, C-612/15, EU:C:2018:392, para. 54; CJEU, Judgments of 5 December 2017, *M.A.S. and M.B.*, C-42/17, EU:C:2017:936, paras. 33–35; of 20 March 2018, *Menci*, C-524/15, EU:C:2018:197, para. 20; and of 2 May 2018, *Scialdone*, C-574/15, EU:C:2018:295. Member States' discretion in choosing the applicable penalties, however, is without prejudice to the obligation to provide for effective and dissuasive criminal penalties in cases of serious fraud or other serious illegal activities affecting the financial interests of the Union in customs matters.

[203] It is worth noting that the Court has recently held that the confiscation of goods in respect of which there has been a failure to comply with the customs legislation constitutes an administrative penalty – which can therefore be ordered by an administrative authority without violating Article 1 of Framework Decision 2005/212 and Article 2(4) of Directive 2014/42, as they are not applicable to such a measure – to the extent that the confiscation decision is taken by a customs authority following administrative proceedings which do not relate to a criminal offence; see, to that effect, CJEU, Judgment of 19 December 2024, *Sistem Lux*, C-717/22, EU:C:2024:104, paras. 69-79.

[204] See, to that effect, CJEU, judgments of 22 March 2017, *Euro-Team and Spirál-Gép*, C-497/15 and C-498/15, EU:C:2017:229, para. 42, of 4 March 2020, *Schenker*, C-655/18, EU:C:2020:157, paras 42-43, of 24 February 2022, *Agenzia delle dogane e dei monopoli and Ministero dell'Economia e delle Finanze*, C-452/20, EU:C:2022:111, para 39, of 8 June 2023, *ZES Zollner Electronic*, C-640/21, EU:C:2023:457, paras 40-41 and 60-61, of 5 December 2024, *Network One Distribution*, C-506/23, EU:C:2024:1003, paras 34-35, and of 19 December 2024, *Sistem Lux*, C-717/22, EU:C:2024:104, paras. 48-49 and 62-68. The Court therefore considered that a penalty equal to at least the customs value of the relevant goods is disproportionate, particularly when it is imposed for failure to comply with the reporting obligations; see, to that effect, CJEU, Judgments of 4 March 2020, *Schenker*, C 655/18, EU:C:2020:157, paras 44-47, and of 19 December 2024, *Sistem Lux*, C-717/22, ECLI:EU:C:2024:104, paras 52 and 54. By contrast, an administrative fine equal to half of the shortfall in customs duties resulting from the submission of incorrect information in a customs declaration has been deemed proportionate; see CJEU, Judgment of 23 November 2023, *J. P. Mali*, C-653/22, EU:C:2023:912, paras 31-39.

Against this background, it can be argued that, much like the Member States are free to choose the penalties they deem most appropriate in the absence of harmonisation of EU legislation – provided these penalties are effective, dissuasive, and proportionate – they are equally free to decide that, where such penalties take the form of financial sanctions, the **proceeds may be allocated, in whole or in part, to the budget of the customs and market surveillance authorities**. This is particularly relevant when the customs and market surveillance authorities themselves impose such administrative penalties, potentially alongside with other measures, such as the confiscation of goods.

Moreover, while the Court has clarified that the proportionality of penalties for the purposes of EU law must be assessed not only in relation to the factors constituting an infringement, but also in relation to the factors that may be taken into account in setting a fine[205], the destination of the proceeds of such penalties do not seem to be capable of affecting this assessment. On the contrary, allocating the proceeds to the customs and market surveillance authorities responsible for collecting them can contribute to ensuring that the penalties are both effective and dissuasive, as these revenues can be used to support enforcement activities.

Box 4: Earmarking of revenues from fines for market surveillance authorities

According to research conducted for the purpose of the present analysis, at least one of the five Member States under review (**Italy**) has adopted such a mechanism.

More specifically, national legislation (Legislative Decree No 157/2022) provides that administrative fines imposed by market surveillance authorities on economic operators may be partially allocated to the financing of those authorities, with up to 40% directed to the authority imposing the sanction and up to 10% to the liaison authority.

In conclusion, in light of the current state of development of EU secondary legislation, **both the collection of financial penalties** for breaches of obligations under the UCC and Regulation (EU) 2019/1020 **and** the **allocation of the proceeds** of such penalties **to the budgets of customs and market surveillance authorities appear legally feasible under EU law**. Moreover, this assessment is unlikely to be altered by the EU Customs reform currently under discussion.

In this context, the EC has indeed proposed the introduction of a minimum harmonisation of non-criminal sanctions for customs infringements, observing that the existing approaches to customs penalties differ significantly among Member States, thereby giving rise to risks of distortions of competition, legal loopholes and "customs shopping".[206] The proposed harmonisation would include, inter alia, the definition of minimum amounts of financial penalties ("pecuniary charges") for a core set of non-criminal sanctions[207].

This approach was broadly welcomed by the EP, which essentially confined itself to proposing an amendment implicitly confirming the point made above regarding the allocation of the proceeds. In its legislative resolution adopted in March 2024, the EP proposed in fact to clarify that the decision on the use of the proceeds resulting from the enforcement of non-criminal sanctions remains within the

[205] See, to that effect, CJEU, Judgments of 22 March 2017, *Euro-Team and Spirál-Gép*, C-497/15 and C-498/15, EU:C:2017:229, para 43, and of 23 November 2023, *J. P. Mali*, C-653/22, EU:C:2023:912, para 33.

[206] EC, Proposal for a Regulation of the European Parliament and of the Council establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013, COM(2023)258 final, Recital 61.

[207] Ibid., Recital 64 and Article 254.

competence of the Member States, except in the (currently unlikely) scenario in which the Council were to establish such proceeds as a new category of own resources pursuant to Article 311(3) TFEU[208].

Interinstitutional negotiations on the EC proposal concerning non-criminal sanctions nevertheless appear particularly challenging. The Council's negotiating mandate, adopted in June 2025, categorically excludes any form of harmonisation in this area and proposes the deletion of all the new provisions put forward by the EC[209].

Regardless of the outcome of these negotiations, it should be noted that the Council's counterproposal would result in a return to the current UCC framework on penalties[210]. Accordingly, while a minimum harmonisation of penalties would arguably be preferable, for the reasons identified by the EC and summarised above, it is reasonable to assume that **financial penalties will continue to constitute a possible source of complementary financing** for customs (and market surveillance) authorities.

3.3.2. Penalties for the violation of EU restrictive measures

A second, more specific form of fee-based financing, which would apply exclusively to customs authorities, concerns financial penalties for violations of **EU restrictive measures**.

As noted above, EU restrictive measures encompass prohibitions on trading, importing, exporting, selling, purchasing, transferring, transiting, or transporting certain goods or services. With the adoption of Directive (EU) 2024/1226[211], the Union established minimum rules for defining penalties for breaches of such measures, including those involving the abovementioned prohibitions.

More specifically, the Directive requires Member States to take the necessary measures to ensure that natural and legal persons who violate EU restrictive measures are subject to effective, proportionate, and dissuasive criminal or non-criminal sanctions[212].

In this context, Member States must ensure that natural persons may also incur accessory criminal or non-criminal penalties, which **may include fines**[213]. Similarly, legal persons must be subject to criminal or non-criminal fines proportionate to the gravity of the conduct, as well as to the individual, financial, and other circumstances of the person concerned. The Directive itself establishes a uniform minimum threshold for the maximum amounts of fines applicable across all Member States[214].

As with the penalties under the UCC and Regulation (EU) 2019/1020, the Directive does not specify the intended use of these penalties. In the absence of harmonised EU rules, it is therefore up to the Member States, in the exercise of their national procedural autonomy, to determine this aspect.

In the case of non-criminal pecuniary sanctions, there appears to be no legal obstacle preventing the proceeds from penalties for violations of certain restrictive measures from being allocated, in whole or in part, to the customs authorities. Such revenues could then be used to finance the control activities necessary to ensure compliance with Union restrictive measures.

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[208] EP legislative resolution of 13 March 2024 on the proposal for a Regulation of the European Parliament and of the Council establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013 (COM(2023)0258 – C9-0175/2023 – 2023/0156(COD), P9_TA(2024)0151, Article 254, second subparagraph.

[209] Council of the EU, Proposal for a Regulation of the European Parliament and of the Council establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013 – Partial mandate for negotiations with the European Parliament, 10462/25.

[210] Ibid., Recital 61 and Article 245.

[211] Directive (EU) 2024/1226 of the European Parliament and of the Council of 24 April 2024 on the definition of criminal offences and penalties for the violation of Union restrictive measures and amending Directive (EU) 2018/1673, OJ L, 2024/1226, 29.4.2024.

[212] Ibid., Articles 5(1) and 7(1).

[213] Ibid., Article 5(5)(a).

[214] Ibid., Article 7(2).

4. CONCLUSIONS AND POLICY RECOMMENDATIONS

4.1. Conclusions

This study has demonstrated that the funding gaps affecting customs and market surveillance authorities are primarily **structural in nature**. They do not derive from deficiencies in institutional design or administrative performance, but from a growing mismatch between **nationally based financing models** and **enforcement tasks that have increasingly European scope, origin and impact**.

Over the past decade, enforcement authorities have faced a sustained expansion of both the volume and the complexity of their activities. The exponential growth of B2C e-commerce and low-value consignments, the strengthening of Union product legislation, the enforcement of EU restrictive measures and the introduction of new policy instruments such as the Carbon Border Adjustment Mechanism have significantly increased operational demands. These developments have not been matched by a commensurate reinforcement of financial, technical and human resources at national level.

Existing **EU funding instruments** under the current MFF have contributed meaningfully to cooperation, digitalisation and equipment acquisition. However, their scope remains **project-based and targeted** and does not address structural under-resourcing of routine enforcement activities. As a result, enforcement performance has deteriorated across the Union, despite stable or increasing absolute levels of control activity, pointing to systemic capacity constraints rather than a lack of institutional commitment.

In this context, the ongoing EU Customs reform and the negotiations on the next Multiannual Financial Framework provide a timely opportunity to **realign responsibilities and resources**, while preserving the decentralised enforcement model underpinning EU customs and market surveillance legislation. A purely national response is no longer sufficient, yet no single EU-level instrument can fully resolve the identified gaps.

The analysis therefore supports a policy approach based on **a calibrated combination of national funding, reinforced EU investment and complementary financing mechanisms**, capable of enhancing enforcement capacity while respecting Member States' administrative autonomy.

4.2. Policy recommendations

Against this backdrop, the study puts forward the following policy recommendations.

- ***First***, within the framework of the 2028–2034 MFF, **EU-level funding for customs and market surveillance should be consolidated and strategically targeted**. The proposed Single Market and Customs Programme should ensure stable and predictable resources for Union-level digital infrastructures, interoperable IT systems and data-driven risk analysis tools, where European added value is highest. Investments linked to the establishment of the European Union Customs Authority should be accompanied by measures ensuring effective integration and operational uptake at national level.
- ***Second***, financing arrangements should remain **coherent with the objectives of the EU Customs reform**. Measures such as the removal of the EUR 150 customs duty exemption and the introduction of a Union handling fee for e-commerce consignments respond to objectively measurable increases in enforcement costs. Their implementation should therefore ensure that, also in light of the additional administrative burdens they entail, they are **not offset by a net**

reduction in the resources available to national customs authorities, notably in the context of possible revisions to the retained share of traditional own resources.

- ***Third***, **service or handling fees** should be recognised as legitimate **complementary cost-recovery instruments**, provided that they are transparent and proportionate. In the customs field, EU-harmonised solutions – such as the proposed Union handling fee – are preferable to fragmented national approaches, in order to avoid trade diversion and distortions within the internal market. Service fees levied by EU agencies could serve as a useful model in this respect. In the case of market surveillance, targeted legislative developments could build on existing EU frameworks for official controls, allowing the recovery of verification costs associated to non-compliant products while preserving the public nature of enforcement.
- ***Fourth***, where legally feasible, Member States should be encouraged to make targeted use of **revenues from financial penalties** for violations of customs, market surveillance and restrictive-measures legislation to support enforcement capacity. Such allocation can enhance effectiveness and deterrence, while remaining compatible with proportionality requirements and national procedural autonomy.
- ***Finally***, the study underlines that **no single financing instrument can, on its own, address the structural funding gaps** identified. A diversified mix of national budgetary allocations, EU-level investment and complementary financing mechanisms offers the most effective response to evolving enforcement challenges, enabling customs and market surveillance authorities to continue safeguarding consumer protection and the integrity of the internal market.

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This study maps funding gaps affecting EU customs and market surveillance authorities. It reviews existing EU and national financing mechanisms, identifies structural imbalances and operational challenges, and assesses policy options for complementary funding considering the EU Customs reform and the upcoming Multiannual Financial Framework. The study was provided by Policy Department A at the request of the European Parliament's Committee on Internal Market and Consumer Protection (IMCO).

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