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EU Customs Data Hub – How to Start and How Not to Start

Shall E-Commerce Serve as an MVP for the EU Customs Data Hub?

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The Working Group for Economic Administration (AWV) sees itself as a network for digitalisation and debureaucratisation. It is a nationwide forum in which answers to current questions relating to the economic design of administrative processes are developed.

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Index

Agile Approach Welcome! 4
What the Reform Proposal Tells 4
Why E-Commerce First? 5
Current Developments 5
Is E-Commerce a Valid MVP Use Case? 6
But What to Do Instead? 7
Resolving Dependencies 7
What to Do Now? 8

Agile Approach Welcome!

If you are used to IT development vocabulary, you are probably familiar with the abbreviation “MVP” – Minimum Viable Product. An MVP is the smallest executable, usable and first value-generating version of a (ultimately much larger) product. An MVP therefore only has a minimal range of functions, which is just enough to represent the core of the product. The approach of first building an MVP in a project and then launching it on the market is common in agile software development and is unbeatably advantageous: I can immediately obtain feedback on whether the product will be accepted at all and the direction and priorities of further development can still be flexibly shaped. If this core function of the product is not valued by users or cannot address needs, I can scrap it again and have only lost a manageable investment compared to the planned overall product.

Prototyping is to be distinguished from this: A prototype of a product is only partially executable; the prototype is not made for operational use. A prototype can serve the purpose of trying out a technical concept on a small scale and demonstrating that it works, but it can also simply be a visualisation of a planned product for an investor. A prototype often looks like a finished product to the layman but is neither functionally nor technically made for “real” use. A prototype is like a set in a film – it looks real but falls over when you try to open the door which is just painted onto the wall.

So, what does this have to do with the EU Customs Data Hub? A lot! If you did read our publication “Data as the Key to Controlled Goods Traffic. – The Concept of the EU Customs Data Hub – an Opportunity to be Seized” , published in 2025, you might remember that we explicitly promote and encourage prototyping, pilot projects and proofs of concept for possible technical and procedural concepts which might benefit the EU Customs Data Hub.

What the Reform Proposal Tells

Although the draft regulation (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) does not say anything directly about the procedure for developing the Data Hub, it is known to include its gradual introduction and use. At the first stage, the deemed importers in particular are to use the Data Hub, i.e. e-commerce imports are to be processed via the Data Hub.

This first stage is currently said to begin on 1st July 2028. Even though where dates are stated from when on certain operators can or shall use the Data Hub use the phrase “[…] providing that the corresponding functionalities in the EU Customs Data Hub shall be operational by that date” is used (see article 264), it is very likely the expected date from which the Data Hub is indeed operational for the corresponding procedures. Not much time left for well-thought-out, high-quality and durable IT developments.

Unless… well, maybe unless the first stage is “only” a MVP.

Why E-Commerce First?

It should be undisputed that the topic of e-commerce is hotly debated by many inside and outside the administration. The volume continues to grow, the control of prohibitions and restrictions is barely manageable, the 150 Euro value limit is presumably being over-utilised and the complexity of DDP transactions (sales with incoterm delivered duty paid) is getting on the nerves of many of those involved.

Any short-term simplification, improvement and clarification of responsibilities would be welcomed, and, in our view, is also essential in terms of consumer protection and pressure from the domestic economy. The "e-commerce Communication" from the European Commission published in February last year puts this very clear: *"The surging volume of products that are unsafe, counterfeit or otherwise non-compliant leads to serious safety and health risks for consumers, has an unsustainable impact on the environment, and fuels unfair competition for legitimate businesses, with a significant impact on EU competitiveness in different sectors. The sheer number of products imported directly by consumers in the EU also puts an unsustainable strain on authorities."*

No doubt, actions to regain control over e-commerce imports have highest priority.

E-commerce related measures from the customs reform proposal primarily include the introduction of the Deemed Importer, the abolition of the 150 Euro customs exemption and, more recently, the introduction of a handling fee. The Commission had also put forward simplifications for customs valuation and a bucket system for simplified tariff classification for discussion. An extension of IOSS (Import-One-Stop-Shop currently in use for VAT purposes) is also likely to be necessary in order to achieve an effective package of measures.

Even though the suggestions from the customs reform proposal represent only one area for action in the "comprehensive EU toolbox for safe and sustainable e-commerce" according to the e-commerce Communication, the pressure to put them into place has probably even grown with the communication.

It is therefore not surprising that, despite the undoubtedly ambitious timetable, one sticks to the original plan and the EU Customs Data Hub as part of the e-commerce measures shall be made available for e-commerce usage as soon as possible.

Current Developments

In the meantime, the trialogue negotiations between Commission, Council and Parliament on the customs code regulation proposal have begun. The proposed amendments to other ordinances are also being discussed; for example, the bucket system (amendment to Council Regulation (EEC) No 2658/87 on the Common Customs Tariff) has been criticised for at least making it more difficult to recognise prohibitions and restrictions and may be removed from the package of e-commerce measures.

The Commission in parallel screened the market for appropriate suppliers who may deliver or support the delivery of a customs Data Hub: a survey on "Market Readiness to Deliver

a Large-Scale, Secure, Multi-Cloud Turnkey System" has been conducted just recently. The Commission as initiator of this survey clearly stated that the system in question "[…] will be the de facto first implementation of the EU Customs Data Hub in the context of e-Commerce".

Is E-Commerce a Valid MVP Use Case?

For us, there are many indications that the provision of a Data Hub for the purposes of e-commerce customs clearance is seen in people's minds as a kind of MVP: limited functionality for handling just one process for just a small, defined target group. Which, on top, could realistically be delivered within a much shorter time frame than the full functional hub system.

We ask ourselves: Is this the right way to look at it? Is e-commerce import clearance the minimum core functionality the hub is based on? Can we leave the architectural design for other processes and trade lanes, the data modelling or the solution design for functionality like data referencing or access control to a later stage? Is e-commerce processing actually a special use case that should be based on a standard core process? Are we not taking risks if we use a currently problematic sector as a blueprint for various other sectors? Once an MVP has been rolled out, can it be adapted at all and can the experience gained be implemented, or is this not even possible in the environment of a legally binding solution with economically critical integration of economic operators? Does the MVP approach even work in this context?

We have concerns regarding an MVP approach when implementing a first phase of the Data Hub for e-commerce clearance:

- All e-commerce functionalities must be fully available upon go-live. This contradicts the approach of an MVP, which deliberately dispenses with the vast majority of auxiliary functions and should only map a core functionality in its absolute minimum. In our view, compliance can only be achieved completely or not at all: legally compliant processes cannot be mapped with a bare minimum of functionality.
- The e-commerce procedure does not reflect the standard process or the core functionality of the hub. Rather, the legal provisions for e-commerce contain an above-average number of exceptions, simplifications and special features compared to other forms of trade. In our view, requirements for an e-commerce Data Hub won't therefore not describe the core functionality of the hub that is required first and they are therefore not suitable as a basis for creating the basic design of the system.
- The time and action pressure to realise massive improvements in the e-commerce sector is very high. Time pressure rarely increases the quality of work results. If the EU Customs Data Hub is really intended to significantly advance the EU customs union, act as a role model in the customs world and support the ambitious goals of the reform in the best possible way, then the solution must not be designed under time pressure.

- An MVP is largely used to analyse the market: an MVP is used to acquire initial customers and identify use cases. The further development of the solution or product is kept open based on the feedback from first customers and orientated towards their needs and priorities in order, to achieve the greatest market value. However, this is hardly possible in our context: we have (hopefully soon) a binding legal basis that specifies what the system must be able to map and to support. We will not be able to deviate from this. Instead, the full scope of the Data Hub is already clear from the outset.
- Last but not least, import and export to and from the EU, all European trade, will not stop or slow down while a new legal framework and new IT solutions are implemented. Any newly offered solution must be fully reliable, functional and stable from day one to avoid inconvenience for trade at all costs. Later changes in the solution design, architecture, scope or any other integration relevant aspects would immediately affect trade. An MVP approach bears the risk of significant changes during further development.

But What to Do Instead?

The discussion above could be seen as a clear recommendation in favour of a waterfall project approach. While this is indeed often justified for compliance projects, there is by no means just black and white here:

The complexity, criticality as well as the degree of innovation of the Data Hub project do not at all speak in favour of a waterfall approach, in which possibly all requirements and functions are fully defined in a quiet chamber long before any initial development activity and one can only hope to have thought of everything.

From a development perspective, there is much to be said in favour of trial and error in small steps and small parts: Prototyping, pilot projects and Proof of Concepts can be excellently applied to individual functions, sub-processes, selected requirements, specific needs but of course also overarching concepts in order to initially design the possible components and principles of the overall solution independently in each case. Such drafts would not claim to be fully functional or complete but nevertheless allow technical or functional approaches to be tested in order to obtain the necessary certainty that a chosen approach is suitable for the overall solution.

Resolving Dependencies

In practical terms, this means that the initial conceptualisation of the Data Hub should not focus on just one specialist use case. Instead, the overall picture of all functions and requirements necessary in the final solution should be considered and taken into account in the initial conceptualisation, among other things to avoid expensive and unexpected changes later on.

However, this also means that the time frame for realising improvements in the e-commerce sector can hardly be reconciled with the provision of the Data Hub, for better or worse.

But that does not matter: Many of the proposals for the e-commerce sector do not necessarily require the Data Hub to be available.

- Handling fee? Independent.
- 150 Euro value threshold and IOSS extensions? Independent.
- Obligation of the deemed importer? Also, fundamentally independent.

It should perhaps also be noted that planned innovations such as an IOSS-like solution for customs duties initially represent a challenge in terms of the legal structure, which does not lose any of its complexity due to the question of availability of a Data Hub. Or in other words: A Data Hub does not solve legal challenges either.

We believe it is realistic to achieve significant changes in the handling of e-commerce shipments even without the provision of a Data Hub and thus to achieve independence between the topics. In our view, only this separation from each other allows the absolutely necessary care to be taken in the design of the Data Hub as well as the great urgency in the implementation of e-commerce improvements. A separate consideration also ensures that the concept of the Data Hub takes into account the requirements and needs of all types of trade and that low hanging fruits in the e-commerce sector do not have to wait for the Data Hub. Fast and unbureaucratic measures in e-commerce could also send a positive signal to EU citizens, while other equally important reasons for the customs law reform would not be pushed into the background.

What to Do Now?

What we need now is an unemotional consideration of existing on-board resources and their potential to achieve effects quickly, perhaps even unconventionally, in the e-commerce sector. It is better to take small steps immediately than to wait idly for an all-encompassing solution.

At the same time, the Data Hub must be conceptualised hand in hand with the further legal specification of the reform proposal and always taking into account all the recitals and objectives of the reform, rather than focussing on one use case.