Hurricane®
Data powering global trade

WHITE PAPER · JUNE 2026

Trade Intelligence: The New Competitive Advantage

The End of Duty-Free Trade

by **Hurricane**

hurricanecommerce.com

Executive Summary

For more than a decade, the global cross-border economy ran on a simple assumption: small parcels move freely. Low-value exemptions, known as *de minimis* thresholds, allowed hundreds of billions of dollars' worth of goods to cross borders without attracting customs duty. That era is ending.

In 2025, the United States eliminated its $800 *de minimis* exemption. On 1 July 2026, the European Union introduces a flat-rate customs duty on all sub-€150 parcels. The United Kingdom has signalled the removal of its own £135 threshold by March 2029. Across every major market, regulators are simultaneously raising the bar on the quality of product data required to clear goods at the border.

These are not isolated policy changes. They represent a structural shift in how governments treat cross-border commerce, and a profound challenge for every brand, marketplace, carrier, and freight forwarder that has built its business on the assumption of frictionless trade.

But within this challenge lies a defining opportunity. The organisations that respond by building genuine trade intelligence capability — accurate product data, real-time duty calculation, landed cost visibility — will not merely survive the transition. They will use it to establish competitive advantage that compounds over time.

> ***The era of frictionless, duty-free trade is not pausing. It is ending. What replaces it will be defined by intelligence.***

This white paper examines the regulatory changes reshaping the cross-border landscape, the data and operational demands they create, and the practical steps organisations must take to turn compliance pressure into competitive advantage.

EU · VOLUME	EU · DEADLINE	US · REFORM	UK · REFORM
4.6B	1 Jul '26	$800	Mar '29
Parcels now subject to duty	€3 flat-rate begins	*De minimis* removed, Aug 2025	£135 confirmed removal date

01 The EU Reckoning

A Decade of Deferred Duty

The EU's €150 *de minimis* threshold was introduced in an era of manageable parcel volumes, designed to reduce administrative friction on low-value gifts and personal imports. What it became was the infrastructure of a global direct-to-consumer economy.

By 2025, over 4.6 billion small parcels were entering the EU each year under the exemption, the vast majority from e-commerce platforms. These goods entered duty-free. EU-based sellers, who pay VAT and face full regulatory scrutiny, competed against overseas sellers who did not. A system designed to reduce friction had become a mechanism for competitive distortion.

EU finance ministers and the European Parliament debated reform for years. In November 2025, the Council reached political agreement. On 11 February 2026, final legislative approval was granted. The €150 customs duty exemption is abolished.

What Changes on 1 July 2026

From 1 July 2026, a flat-rate customs duty of €3 applies per tariff classification line to all parcels valued under €150 entering the EU from non-EU sellers registered in the Import One-Stop Shop (IOSS). This covers approximately 93% of all EU e-commerce flows.

Key mechanics of the interim system

- €3 duty per tariff sub-heading (TARIC line) — not per parcel. Multiple product categories in one parcel = multiple charges
- A parcel containing items from two different TARIC headings attracts €6 in total duty
- IOSS-registered sellers are within scope; non-IOSS sellers face separate declaration requirements
- Interim system runs until approximately July 2028, when the EU Customs Data Hub becomes operational
- A separate €2 customs handling fee is expected no later than November 2026 — bringing the combined charge to €5 per line item
- From 2028, standard tariff rates will apply to all goods entering the EU regardless of value

The Data Implication Being Overlooked

Most commentary has focused on the €3 figure. That misses the more significant operational challenge.

To apply the correct duty per tariff heading, every product in every parcel must be classified to the correct 10-digit TARIC code, not the 6-digit HS code that many sellers have historically used. A retailer shipping 500 SKUs to EU consumers who previously classified at 6-digit level must now maintain accurate 10-digit TARIC codes across their entire catalogue.

From late 2026, EU customs authorities are expected to require standardised product identifiers such as GTIN, EAN, and UPC codes alongside declarations. The EU Customs Data Hub, when operational in 2028, will enforce this comprehensively and in real time.

> ***The €3 is not the cost. The cost is building the product data infrastructure to calculate it correctly — and the competitive advantage goes to those who build it first.***

Early Movers in EU Member States

The regulatory direction is clear from national-level action already underway. Italy and Romania introduced national handling fees on low-value imports from 1 January 2026. France is expected to follow imminently. These measures are a preview of the permanent customs landscape the EU Customs Data Hub will enforce from 2028.

02 The US Precedent

The Exemption That Built an Industry

Section 321 of the US Tariff Act allowed goods valued at $800 or less to enter the United States duty-free, with minimal customs documentation. At its peak, US CBP was processing over one billion *de minimis* shipments annually; a volume that had grown exponentially alongside the rise of Chinese direct-to-consumer platforms.

Shein, Temu, and similar ultra-low-cost platforms built their entire US market entry strategy around the Section 321 exemption. Goods packed in China shipped directly to American consumers, bypassing the tariff structures that applied to traditional import channels. The competitive distortion was significant and extensively documented.

The End of the Exemption

On 29 August 2025, the United States removed the $800 *de minimis* exemption for commercial shipments. For goods from China and Hong Kong, the exemption had already been eliminated from 2 May 2025. Every inbound shipment to the US, regardless of value, now requires a formal customs entry and duty payment.

US de minimis removal: operational impact

- All shipments regardless of value now require US customs entry and duty payment
- Carriers face significantly increased customs declaration requirements at scale
- Businesses previously using Section 321 must now calculate and collect duties at checkout — or risk consumer abandonment at delivery
- Accurate HS codes, declared values, and country of origin are mandatory for every shipment
- Platforms and marketplaces bear increasing compliance liability for incorrect or incomplete declarations

A Global Signal

The US precedent matters for two reasons. First, it demonstrated that removing *de minimis* thresholds at scale is operationally achievable. Second, it provided direct impetus for the EU's decision to follow. When the world's largest import economy tightened its rules, the regulatory pressure on trading partners accelerated, catalysing reform that had been under discussion in Brussels for years.

Crucially, the US change also revealed something important about competitive advantage: the businesses that had already invested in trade intelligence infrastructure, accurate classification, landed cost calculation, duty collection at checkout, adapted fastest and lost least. Those that had not faced a scramble.

Enforcement Tightens: June 2026

The direction did not stop at removing the exemption. On 3 June 2026, a US Executive Order titled "Strengthening Customs Enforcement" directed Customs and Border Protection to increase scrutiny of importers, expand reporting requirements, widen audits, and raise penalties for non-compliance.

The order targets the workarounds that appeared as tariffs rose: unsupported HS reclassification, country of origin changes with no matching change to the product or process, undervaluation split across separate invoices, and delivered duty paid arrangements run through nominal US importers with no real domestic presence. CBP is expected to compare what is declared at entry against purchase agreements, payment records, supplier documents, and the export data filed with foreign customs authorities, and to use AI to find the gaps.

The message for any operator is plain. Accuracy and completeness of classification, value, and origin are no longer a back office detail. They are the difference between clean clearance and civil or criminal liability, and the window to correct past practice before enforcement lands is short.

03 The UK Direction of Travel

A System in Consultation

The United Kingdom presents a slightly different timeline, but the same destination. Post-Brexit, the UK retained a £135 customs duty *de minimis* threshold: goods valued below that level enter duty-free, though VAT applies from the first pound through the UK's simplified import VAT scheme.

In the 2025 Autumn Budget, the Chancellor confirmed that the £135 customs duty relief will be abolished. The deadline: March 2029 at the latest. A government consultation, open until March 2026, sought input on reforming low-value import arrangements, covering declarations, reporting requirements, and platform accountability.

What UK Reform Will Look Like

The consultation has not yet produced final operational rules. But the policy direction is established: the £135 relief ends, and every import becomes a formal customs event. Businesses that ship to UK consumers under current simplified arrangements will need to rearchitect their compliance and landed cost processes before 2029.

UK reform: what businesses should anticipate

- Full customs duty on all imports regardless of value — no low-value exemption after March 2029
- Possible new administrative declaration requirements for carriers and platforms
- Pressure on marketplaces to collect and remit duties at point of sale
- HMRC increased enforcement on valuation accuracy and HS classification quality
- Potential acceleration of timeline if competitive pressure from EU reform mounts
- UK sellers shipping to the EU face €3/line duty from July 2026 — making some DTC categories commercially marginal

A Fresh Call for Evidence

On 23 June 2026, HMRC and HM Treasury opened a joint call for evidence, Modernising the UK Customs Regime. It runs for twelve weeks, closing on 15 September 2026, and looks beyond low-value imports to the future of customs data itself.

Its themes echo everything in this paper. The government asks how customs data can be made accurate, consistent, and usable; whether structured supply chain data should carry more of the declaration; and how freight forwarders, brokers, and software providers adapt as trade goes digital. The throughline is the same one running through the EU and US reforms: the quality of the underlying product and trade data is becoming the system itself, not a step within it.

> ***The UK deadline of March 2029 is not far away. And the businesses building trade intelligence capability now will be the ones advising their competitors how to catch up.***

04 Product Data: The New Currency of Trade

Why Classification Has Become a Competitive Asset

Beneath every regulatory change in this report lies a common operational requirement: accurate, complete, item-level product data. The shift from duty exemption to active duty collection is, in operational reality, a shift from low-data to high-data trade, and the organisations that master that data first gain an enduring edge.

Under *de minimis* regimes, a carrier could move a parcel across a border with minimal product information; a brief description, a declared value, an origin country. That was often sufficient. Under the new regime, every product in every shipment must be classified, valued, and described to a standard that supports automated duty calculation and regulatory screening.

The HS Code Problem at Scale

The Harmonised System (HS) is the international standard for product classification, used by customs authorities in over 200 countries. It provides a 6-digit code identifying a product's category. Most countries extend this for national purposes: the EU uses 10-digit TARIC codes; the US uses 10-digit HTS codes; the UK uses its own 10-digit commodity code system.

The challenge for brands and platforms is scale. A fashion retailer with 10,000 SKUs needs accurate, current 10-digit classification codes for every product in every market. Classification errors do not simply cause delays, they produce incorrect duty calculations, customs flags, and enforcement exposure. And they hand a speed and cost advantage to better-prepared competitors.

The product data requirements now in force or imminent

- 10-digit TARIC classification required for all EU IOSS-registered goods from July 2026
- GTINs, EAN, and UPC standardised identifiers expected by EU customs from late 2026
- Full declared value, material composition, and country of origin required for every US shipment
- HS codes updated annually by the World Customs Organisation — product catalogues must be maintained accordingly
- AI-powered classification tools now standard among market leaders; manual lookup is not viable at scale
- Misclassification liability rests with the importer of record — or the platform in marketplace models

> ***Product data is not a compliance requirement. It is the foundation of competitive advantage in the new era of cross-border commerce.***

The Intelligence Advantage

Organisations with mature trade intelligence infrastructure — authoritative product data, real-time classification, landed cost calculation — are not simply more compliant than their peers. They are faster, cheaper to operate, and more trusted by their customers.

They clear goods with fewer holds. They calculate duties correctly at checkout, eliminating failed deliveries and returns. They identify classification errors before goods move rather than at the border. They respond to regulatory changes — new HS code schedules, duty rate amendments, threshold adjustments — without operational disruption.

Platforms and Marketplaces: The Liability Question

Marketplace models create particular complexity. When a consumer buys through a platform, who is responsible for classification accuracy, data quality, and duty calculation? Regulatory frameworks in the EU and US are increasingly placing that liability on the platform, particularly where the platform controls IOSS registration, VAT collection, or the logistics flow.

Platforms that invest in trade intelligence infrastructure do not merely manage liability. They create a differentiated service proposition: faster clearance, accurate landed cost at checkout, fewer failed deliveries. That is a commercial advantage, not just a compliance posture.

05 Building Your Intelligence Advantage

The regulatory changes described in this paper are not future risks. The EU change is live from 1 July 2026. The US change is already in effect. The UK change has a confirmed end-state. The question is not whether organisations need to respond, it is whether they build the capability to turn that response into lasting advantage.

Five priorities should define the agenda for any brand, marketplace, carrier, or freight forwarder with meaningful cross-border exposure.

1 Audit Your Product Data — Now

Conduct an immediate audit of your product catalogue against current classification standards. Verify HS codes at 10-digit level for EU and UK markets. Review classification currency against the most recent WCO updates. Identify SKUs with missing or incomplete data. The businesses that complete this audit first will clear goods faster, calculate duties correctly, and create a data asset that underpins every other intelligence capability.

2 Build Landed Cost Visibility Into the Customer Journey

Presenting accurate landed cost — duty, tax, and applicable handling fees — at the point of checkout eliminates the failed delivery cycle that damages brand trust and margin. It also creates a superior customer experience versus competitors who still present unexpected charges at the door. This is both a compliance requirement and a conversion rate advantage.

3 Review Your Fulfilment Architecture

For businesses with significant EU or UK volume, the economics of direct-to-consumer cross-border shipping are changing. Duty charges per shipment, combined with increased declaration requirements, may make in-market fulfilment more attractive for high-volume, lower-value categories. Decisions about inventory positioning and logistics design should be revisited through the lens of the new duty landscape.

4 Extend Intelligence Requirements to Your Partners

Many brands manage cross-border compliance through carriers, freight forwarders, and platforms. Require evidence of classification capability, data quality standards, and customs readiness from every logistics partner you work with. The businesses that set this standard with their supply chain partners will move goods more reliably, and differentiate on delivery experience.

5 Invest in Trade Intelligence Infrastructure

Accurate classification data. Real-time duty calculation. Product-level information that meets regulatory standards. Landed cost visibility that protects consumer experience and margin. These capabilities require an integrated trade intelligence layer; a system that holds authoritative product data, applies current duty and tax logic, and delivers the decisions that customs and consumers need. The organisations that build this infrastructure now will have a compounding advantage as the regulatory environment continues to tighten.

> ***The organisations that will define the next era of cross-border commerce are those who understand their goods best — before they move.***

06 How Hurricane Commerce Helps

The Intelligence Layer for Global Trade

Hurricane Commerce was built for precisely this moment. As the global customs environment moves from low-data exemption to high-data duty, Hurricane's Global Trade Ecosystem (GTE) provides the trade intelligence infrastructure that powers compliant, commercially confident cross-border commerce.

The GTE is not a compliance tool. It is a trade intelligence platform: a network of interconnected services that gives carriers, postal operators, freight forwarders, marketplaces, and brands the data, decisions, and automation they need to navigate increasingly complex regulatory environments with confidence and at scale.

PRODUCT INTELLIGENCE

- AI-powered HS / TARIC classification at scale
- Product data enrichment and gap-filling
- Restricted and prohibited goods screening
- Regulatory requirement identification by market
- Classification currency management vs WCO updates

TRADE INTELLIGENCE

- Real-time duty & tax calculation — 200+ markets
- Landed cost determination at checkout or pre-ship
- *De minimis* threshold monitoring and management
- Country-specific customs and regulatory screening
- IOSS eligibility and compliance support for EU

LOGISTICS INTELLIGENCE

- Customs clearance readiness before goods move
- Data quality validation vs destination requirements
- Carrier and postal operator integration
- Documentation generation and management
- Exception management and resolution support

Intelligence Creates Competitive Advantage

Most customs technology companies sell compliance, helping organisations meet minimum requirements. Hurricane sells intelligence: the ability to make better decisions before goods move, not simply satisfy regulators after the fact.

In a world where every shipment is a data event, the organisations that access the most accurate, most current, most comprehensive trade intelligence will clear goods faster, calculate duties correctly, protect consumer experience, and build durable competitive advantage that is difficult for less-prepared competitors to replicate quickly.

That is the opportunity inside the regulatory disruption. Hurricane exists to help you capture it.

Conclusion: Intelligence Is the Response

The end of duty-free trade is not a future event. For organisations shipping to the United States, it has already happened. For organisations shipping to the EU, it begins on 1 July 2026. For organisations planning UK strategy, the direction is confirmed and the deadline set.

Every business in the cross-border commerce ecosystem faces the same regulatory reality. But they will not all respond the same way. Some will treat this as a compliance problem, spending to meet requirements, absorbing disruption, and waiting for stability. Others will treat it as an intelligence opportunity, building the data infrastructure, the classification capability, and the duty calculation precision that turns regulatory complexity into competitive distance.

The businesses that choose the second path will not simply survive the transition. They will use it to establish an advantage in speed, accuracy, consumer experience, and operational cost that compounds as the regulatory environment continues to evolve.

> ***Trade Intelligence is not the response to the end of duty-free trade. It is the competitive advantage that emerges from it.***

Hurricane Commerce is ready to help. Our Global Trade Ecosystem provides the product intelligence, trade intelligence, and logistics intelligence your organisation needs to operate with confidence in the new customs landscape, and to turn that confidence into competitive advantage.

About Hurricane Commerce

Hurricane Commerce is a global trade intelligence company. Through the Global Trade Ecosystem (GTE), Hurricane provides the data, decisions, and automation that enable businesses to navigate complex regulatory environments with confidence. Clients include international carriers, postal operators, freight forwarders, e-commerce platforms, and brands operating across the world's most demanding customs environments.

Find out how Hurricane can help your organisation turn regulatory change into competitive advantage.

Visit: hurricanecommerce.com | Email: sales@hurricanecommerce.com

---

Disclaimer: This white paper is provided for informational purposes only and does not constitute legal or regulatory advice. Regulatory information reflects publicly available data as at June 2026. Organisations should seek independent legal and compliance advice appropriate to their specific circumstances.

Hurricane®
Data powering global trade

Move goods cleanly when the rules change.

Hurricane Commerce
Global trade compliance and technology
hello@hurricanecommerce.com

hurricanecommerce.com