

TRADE OBSERVER

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Metaverse &
Digitalization

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THE METAVERSE, A SECTOR OF THE FUTURE ?

Estimated at 4,460 billion euros in 2019, the global digital market continues to develop: in 2022, it is expected to grow by 7.1%.

This sector, which is **the present and future of our societies**, is the mother of the largest global companies such as Alphabet, Tencent, Microsoft, Meta or Google. These companies are now betting on a new sector that is supposed to compensate for the loss of growth of social networks that have reached the end of their profitability : the Metaverse.

The metaverse is a **persistent online world with a developed economy**, which can be experienced in **virtual reality** by a (theoretically) unlimited number of people. Initially intended more for the world of video games, it is now reaching the world of business and cryptocurrency, offering great growth prospects.



Indeed, if the Covid-19 crisis has widely democratized telecommuting and videoconferencing, these practices have many disadvantages, especially regarding team cohesion.

The metaverse could well remedy this by allowing employees to exchange effectively more or less formally, without sacrificing non-verbal communication thanks to virtual reality. The American management consulting firm Accenture already has a **similar virtual space**, while in France, it is the **business schools that are innovating by offering their students virtual campuses**.

However, not being an exception in the digital sector, the metaverse remains mainly American and Chinese. Despite the uncertainty of its potential, the investments of the two major players are multiplying, while Europe is struggling to impose itself. Despite E. Macron's desire to create a European metaverse, Brussels, which lacks a "European Giant", is unable to centralize investments and is content, as it often is, to follow its American ally.

In addition to the financial and legal issues that are currently being debated, **the technical limits**, particularly those related to the number of simultaneous participants and the quality of the image, will not be overcome any time soon. **The metaverse, sometimes fantasized as an escape from reality, will develop at the expense of reality**, consuming ever more bandwidth, materials and energy.



DIGITALIZATION OF THE SUPPLY CHAIN IN 2022

The awareness of the need to digitalize the Supply Chain is not a new phenomenon. However, the Covid-19 crisis acted as an electroshock in this regard, as it shook the supply chain of companies (shortages, inflation, transport difficulties, change in demand, lockdowns, etc...).

Thus, a study by CSMCP (The Council of Supply Chain Management Professionals) showed that 93% of the Supply Chain actors are engaged in a process of digitalization of their Supply Chain. So, what are the benefits of digitalizing a company's Supply Chain, and what are the difficulties encountered?

The digitalization of the Supply Chain offers many advantages to companies. The first is to bring **supply and demand** closer together, mainly by improving companies' internal and external communication with suppliers and customers.

The new technologies also make it possible **to better organize the supply chain and to measure performance indices** in a relevant way, with a view to optimization. Overall, ICTs (information and communication technologies) make it possible to concentrate the work of a company's staff on high value-added operations.

However, there are several factors that hinder this digitalization. The first is the lack of staff: while the world is facing many shortages of spare parts, companies are also short of qualified staff. Companies need to attract profiles capable of making this transition, and sometimes suffer from a lack of skills in digital tools. **This lack of expertise affects 53% of companies involved in a process of digitalization of the Supply Chain (+12% in one year).**

The willingness to digitize the Supply Chain also comes up against the fear of new technologies and the reluctance of the Supply Chain players to change their habits. One third of companies are concerned by this mistrust of ICTs. This sometimes results in a feeling of disconnection between the decision-makers and the operators, who do not always measure the interest of technologies that are imposed on them.

Hence, although companies seem to have become aware of the need to modernize their supplies in line with the logic of their century, much remains to be done in this area.



HOW TO UNDERSTAND THE CUSTOMS CLASSIFICATION IN 5 QUESTIONS

The **Harmonized System of Customs Classification** is an international system of classification of goods. It is used as a basis for customs tariffs and for the collection of trade statistics. It is used in over 200 countries and is maintained and managed by the World Customs Organization.

1 WHAT IS CUSTOMS CLASSIFICATION ?

To ensure **compliance and optimize the amount of their customs duties**, international trade actors must master their customs classification. Classifying goods is a job that requires knowledge of the fundamentals, skills, and know-how.

All goods that cross borders must be subject to **a customs declaration**. The customs classification is essential for any **import or export**. This classification code is used to establish **the percentage of customs duties applicable to the import of a product**.

2 HOW IS IT ORGANIZED?

A **10-digit number identifies** the customs tariff to be filled in during the declaration:



- **The first 6 digits of the nomenclature** represent the position of the Harmonized System, framed by the World Customs Organization. The Harmonized System is used for the coding of goods on a worldwide scale.
- **The 8-digit code**, also known as the Combined Nomenclature, was introduced by the European Union. This Combined Nomenclature determines, among other things, the customs duties on imports into the EU and allows the compilation of international trade statistics.
- **The 10-digit code** indicates the integrated tariff of the European Communities. The 2 digits added to the combined nomenclature (8 digits) determine the European customs and trade regulations (tariff suspensions and preferences or anti-dumping duties) for imports into the European Union.

3 HOW TO DETERMINE THE CUSTOMS CODE OF A PRODUCT?

First, it is necessary to correctly identify your merchandise and then to consult the nomenclature, the denominations and to apply the rules and notes.



For a large number of goods listed by name, the most experienced declarant will be able to determine, more or less quickly, the positioning of the goods.

For the others, it can be more complicated: he can then call upon a consultant, a customs broker or a customs classification tool such as the Customs Bridge solution.

4 WHAT IS THE RISK OF INCORRECT CLASSIFICATION?

It depends on the **stakes, the amounts of unpaid duties, the nature of the obligations not respected, the circumstances** or the conditions of the offenses. Customs sanctions **are graduated** and most often result in fines and the payment of duties due to regularize the operation.

In the most serious cases, the goods may, in addition to the fines, be **abandoned or confiscated for destruction**. In rare cases, the operators concerned may also be sentenced to imprisonment, be banned from practicing, etc. **They may also lose their status as traders. They may also lose their Authorized Economic Operator status.**



5 HOW CAN I FIND OUT THE MEASUREMENTS ASSOCIATED WITH MY PRODUCT?

The applicable measures are mentioned in relation to the positioning in the tariff. They are decided at different levels (EU or Member States). They are of a customs nature: the case of tariff quotas (including duty reductions...).

They also stem from other regulations such as standards: toys, medicines, machinery, petroleum products, etc.

Non-compliance can be detrimental to operators, especially in cases involving health, consumer protection ...