

TRADE OBSERVER

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35

Customs,
strategic issue

**EXPORTING TO RUSSIA,
A REAL HEADACHE**

UNDERSTAND THE BASICS OF INCOTERMS

**NEW STEP TOWARDS BINDING VALUE
INFORMATION**

EXPORTING TO RUSSIA, A REAL LOGISTICAL HEADACHE

Since the beginning of the conflict, the European Union has imposed a series of sanctions against Russia in response to its military aggression against Ukraine. Between European sanctions and Russian countermeasures to avoid shortages, exports to Russia are becoming particularly complicated.

As the European Union prepares to vote on new sanctions against Russia and Belarus, previous sanctions and retaliatory sanctions imposed by Moscow have made it difficult to conduct international trade logistics. Road transport on northern European routes is particularly affected.

In response to the latest sanctions, which include a **ban on Russian transport companies** from operating **in the EU**, Belarus enacted a countermeasure prohibiting trucks owned by European companies from operating in its territory.

As a result, the **road transport of goods** through Poland and Belarus, and even Lithuania, has **become a real headache**.

As a result, the flows had to be reorganized and now pass through Turkey and Georgia.



According to AFTRI (Association Française de Transport Routier International), a surprisingly high number of Kazakh trucks were recently observed in the Netherlands, suggesting a strategy of circumvention by Russian companies.

Russia, Belarus and Kazakhstan have formed a customs union since 2010.

On September 28, the European Commission presented a **new proposal for sanctions**, including an embargo on imports of Russian products and a new ban on European exports of sensitive products, particularly in the aeronautics, electronic components and chemical sectors.

UNDERSTANDING THE BASICS OF INCOTERMS

Applied for the first time in 1936, the International Commercial Terms are a codified set of standard contractual provisions relating to the transport of goods. They are essential to know in the context of an import-export operation.

The Incoterms rules were created on the initiative of the International Chamber of Commerce (ICC). They determine the **reciprocal obligations of the seller and the buyer**, the distribution of transport costs, as well as the place of delivery which represents the point of transfer of risks from the seller to the buyer.

These rules are reviewed every 10 years to reflect the evolution of international trade practices. Since their creation, 8 versions have been updated, the last version took place in 2019 to define the new 2020 incoterms rules.

Their essential functions are:

- To **describe the obligations between the buyer and the seller**, i.e. to define the "who does what" in terms of transport, insurance and customs,
- To determine **the place of delivery** which represents the point of transfer of risk from the seller to the buyer, i.e. to what extent is the seller responsible for the risks incurred by the goods?
- Describe the distribution of **transportation costs**.

The incoterm is a determining element of the customs value. As a reminder, the customs value is a free-at-frontier value (of the Union) and according to article 71 of the Customs Code of the Union (CDU), the transport and insurance costs, as well as the loading and handling costs are part of the price elements to be added to the customs value. It is therefore essential to become familiar with incoterms and to study your purchase invoices to verify the costs they include according to the incoterms negotiated in your purchase order contract.

The reform of incoterms 2020, requires to date **11 incoterms rules** in force, divided into **2 categories**:

- **Multimodal Incoterms** are applicable to all modes of transport. They can also be used when the contract covers several modes of transport, which is notably the case when the goods are transported by container.
- **The maritime incoterms**



NEW STEP TOWARDS BINDING VALUE INFORMATION

On September 13, the French Customs issued its first customs valuation adjustment authorization for several Member States. A desire to strengthen the Customs Union on a "sensitive" subject.

Indeed, the **Binding Value Information** does not exist at the European level (contrary to the origin/RCO and tariff classification/RTC parameters). Thus, a French RCV is only opposable to the French customs and does not secure the operator if a customs challenge is triggered by another Member State, knowing that the customs approaches may be different.

A consultation on the project of a value rescript (the RCV) applicable for all customs in the European Union had been launched in 2018 by the European Commission. **The implementation would be planned for 2025 with a possible earlier phasing-in.**



Reminder: What is an adjustment authorization?

When it comes to import customs value, it may happen that the amount of certain costs that are part of the price to be subjected to duties and taxes, such as the cost of transporting the goods or the cost of royalties, are not known. In this case, in order to clear the goods through customs, the importer can file a Value Adjustment (VA) request with customs.

The VA allows the declaration of a customs value by applying an adjustment rate directly applied to the invoice price per item on the customs declaration. This rate is recalculated every year based on the data that the company sends to Customs so that the rate is as accurate as possible.



YOUR CUSTOMS MONITORING



NEW PROTOCOL ORIGIN KOSOVO

Following the decision NR 1/2022 - Association EU-KOSOVO of 29 April 2022, on the amendment of the Stabilisation and Association Agreement between EU-KOSOVO, by replacing its Protocol III. Concerning the concept of originating products The text of Protocol III is replaced by the text in the Annex to the Decision. The products must therefore comply with the rules of origin in order to benefit from this Agreement.

This Decision shall enter into force on the day of its adoption. It shall apply from 15 October 2022.

Source: Official Journal of the European Union L252/87 of 30.09.2022



UKRAINE / ACCESSION TO COMMON TRANSIT ON OCTOBER 1, 2022

As already indicated Ukraine will accede to the transit convention as of 1^{er} October 2022.

A note to operators was recently issued reminding various uses:

Use of DELTA T, DU T2 to export products with EU customs status to UKRAINE, T1 to export products without EU customs status to UKRAINE, details on Ukrainian customs offices open for transit, details on the implementation of the ETC SAD



PANEUROMED/BALKANS – DES RÈGLES ORIGINE MODERNISÉES

As already mentioned, transitional or substitution rules have been assigned to some PANEUROMED countries, pending the final adoption of the paneuromed convention.

Modified protocols of origin for some countries published by the EU. EU-EEA (European Economic Area) has been added to the list.

Norway, Iceland, Liechtenstein are included.

On the basis of these new rules and upon presentation of proof of origin allow to benefit from import duty reductions / exemptions with retroactive effect to 1^{er} Sept 2021.



DELTA IE- DELAYED TO THE 2ND HALF OF 2023

The date of the new DELTA IE computer system is December 31, 2025. Initially DELTA IE (import-export clearance) was to start on March 31, 2023 with an obligation from June 30, 2023. All this is postponed to the second half of 2023. A new calendar is being worked on and will be shared by the French Customs Administration once ready.

