

# TRADE OBSERVER

The official monthly update by CustomsBridge

May 2023

# 42

Legislation  
& customs

**STOCK ACCOUNTING :  
AN ESSENTIAL TOOL FOR CUSTOMS COMPLIANCE**

**NEW EU LEGISLATION AGAINST DEFORESTATION**

**COMPLIANCE BILL : NEW CONTOURS FOR CUSTOMS  
INSPECTION RIGHTS**

**YOUR CUSTOMS MONITORING**

## STOCK ACCOUNTING : AN ESSENTIAL TOOL FOR CUSTOMS COMPLIANCE

**Stock accounting is a key element in stock management for importing and exporting companies. It allows for accurate tracking of movements of raw materials and finished products and ensures compliance with customs requirements regarding declarations and payment of duties and taxes.**

For customs directors, stock accounting is an essential tool to ensure that the company's stocks are efficiently managed and in compliance with the relevant customs regulations.

### What is stock accounting?

It is a method of tracking the movements of raw materials and finished products within a company. It involves recording all incoming and outgoing transactions of these raw materials and finished products, as well as the remaining stock at the end of each accounting period. This method helps control the movement of goods, facilitate stock management, and prevent shortages.

### The importance of stock accounting for customs compliance

Stock accounting is also important for customs compliance. It ensures that customs declarations are properly filled out and that duties and taxes are correctly paid. Customs authorities require companies to maintain accurate stock accounting, especially regarding stock movements between different production sites and warehouses.

Stock accounting can also help companies avoid fines and customs penalties in case of errors or omissions in customs declarations.

**By maintaining accurate stock accounting and adhering to customs procedures, companies can minimize the risks of non-compliance and problems with customs authorities.**



## NEW EU LEGISLATION AGAINST DEFORESTATION

**To combat climate change and biodiversity loss, the European Union has implemented new regulations regarding the importation of products such as livestock, cocoa, coffee, palm oil, soy, and timber, as well as products containing or made from these goods. Companies must ensure that their suppliers do not originate from deforested lands after December 31, 2020 (including irreplaceable primary forests) and that they comply with the legislation of the producing country (including human rights and indigenous peoples' rights).**

The European Parliament has also obtained a broader definition of forest degradation to include the conversion of primary forests or forests undergoing natural regeneration into plantation forests. The products covered have been expanded to include rubber, coal, printed paper products, and certain palm oil derivatives.

The Commission will objectively and transparently assess countries or parts of countries as presenting either a low or high risk within 18 months of the legislation's entry into force. Products from low-risk countries will be subject to a simplified procedure, while suppliers will be monitored based on the country's risk level.



EU competent authorities will have access to relevant information provided by companies, such as geolocation coordinates. They will conduct checks using satellite monitoring tools and DNA analysis to verify the origin of products. Sanctions for non-compliance should be proportionate and deterrent, with a maximum fine representing at least 4% of the total annual turnover in the EU of the non-compliant supplier or operator.

The final text was adopted on April 19, 2023, with 552 votes in favor, 44 against, and 43 abstentions, marking an important milestone in the fight against deforestation and the promotion of more sustainable and responsible trade.

**Would you like to subscribe to our newsletter? Contact-us!**

[contact@customsbridge.fr](mailto:contact@customsbridge.fr)



## COMPLIANCE LEGISLATION : NEW CONTOURS FOR CUSTOMS INSPECTION RIGHTS

**The government has recently presented a bill aimed at reforming customs search powers following a decision by the Constitutional Council in September 2022. This decision declared Article 60 of the Customs Code unconstitutional, which allowed customs officers to conduct searches of goods, means of transport, and individuals in the context of fraud investigations.**

**Article 60 of the Customs Code, enacted in 1948, governed searches of vehicles and individuals. However, members of the Constitutional Council considered that this article did not provide sufficient clarity regarding the framework applicable to these operations, particularly concerning the locations where they can be carried out or the existence of plausible reasons to suspect an offense.**

Since the declaration of unconstitutionality of this article, procedures related to customs seizures have been plunged into unprecedented legal uncertainty. Advocates for alleged traffickers have exploited this legal loophole to obtain acquittals or the outright cancellation of certain seizures.

The bill presented by the government aims to secure the search powers of customs officers and strengthen their actions. According to this proposal, the right to search goods and individuals will depend on the geographical location where it is exercised. It will remain fully applicable in border areas and in the "customs zone," as well as in ports, airports, international railway stations, and bus terminals. Outside of these areas, the right to search will need to be justified and legally secured.

This means that officers will have to inform the public prosecutor in advance, without requiring formal authorization, or have plausible reasons to suspect a customs offense. Additionally, the bill specifies the rights of individuals subjected to a customs search. The search may involve patting down or searching clothing and luggage, but body searches will only be allowed during a customs hold.

This reform aims to clarify the legal framework for customs searches while preserving the operational capabilities of officers in the fight against fraud. It will also address the concerns raised by the Constitutional Council's decision while maintaining a balance between individual rights and the general interest of customs security.



## YOUR CUSTOMS MONITORING



### UK-AUSTRALIA AGREEMENT

The UK-Australia agreement will come into force on 31 May 2023. Precautions should be taken with regard to preferential origin. You should refer to the rules relating to this agreement. It is important to remember that if goods are in transit or warehoused in another country, they must still be under customs control.

This agreement sets out the rules to be followed if this is the case, in order to benefit from preferences (sold as is, no processing, customs proof .....).

Reference: EU-Australia Agreement



### CARBON TAX: EU IMPORTS, REGULATION ADOPTED

The Basic Regulation on the MACF was adopted by the European Parliament and the Council and published in the OJEU L 130, page 52, on 16.5.2023.

As seen in our newsletter NR 7, 5 texts had been adopted by the PARLIAMENT to achieve the 2023 climate objective. The Council has also given its approval. It will enter into force gradually from 1<sup>er</sup> October 2023 to 1<sup>er</sup> January 2026. For the transitional phase from 01.10.2023 and for the entirety on 01.01.2026.

Reference: Regulation 2023/956 of 10 May 2023.



### NEW: REFORM OF THE CDU

- Creation of a "EU Customs Data Platform" in which all declarative data would be centralized, enabling collaborative work between the Commission, the new EU Customs Authority, and the customs and non-customs authorities of the Member States.
- Creation of a new EU Customs Authority, responsible, among other things, for overseeing this platform.
- Certain operators whose reliability has been recognized by customs authorities and who provide real-time access to their data may benefit from a new "trust and check" label, granting them greater simplification.
- A new approach to customs controls with the use of artificial intelligence.
- E-commerce: increased responsibility will be given to online platforms, which will become the official importers, responsible for customs compliance and market access.

This reform project is intended to be implemented gradually over a period of 10 years starting from 2028.

