

TRADE OBSERVER

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towards
improved control

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COUNTERFEITING: A REAL DANGER FOR CONSUMERS AND THE ECONOMY

World Anti-Counterfeiting Day, celebrated on June 7, 2023, sheds light on a phenomenon that poses a real danger to consumers. Contrary to popular belief, counterfeiting is not limited to luxury brands but also affects small businesses in various sectors. It is important to highlight the true costs of counterfeiting, both in terms of employment and the state budget, while emphasizing the risks to consumer health and safety.

Counterfeiting generates considerable economic costs. According to the European Union Intellectual Property Office (EUIPO), it leads to a **loss of 38,000 jobs in France**. Companies victimized by counterfeiting find themselves weakened, jeopardizing the creation of sustainable jobs. This phenomenon spares no sector, which explains the numerous intervention requests received by French customs from businesses of different sizes.

In addition to the impact on employment, **counterfeiting has a direct impact on public finances. Tax losses are estimated at 2 billion euros**, a sum that could have been invested in essential public services such as schools, hospitals, and infrastructure. Thus, counterfeiting is not limited to harming businesses but also affects the well-being of society as a whole.



One of the most concerning aspects of counterfeiting is its **impact on consumer health and safety**. Counterfeit products are often of poor or even dangerous quality.

Counterfeit manufacturers prioritize maximum profit margins, compromising the quality and safety of products. For example, counterfeit medicines may contain improperly dosed or non-existent active ingredients, thus endangering patients' health.

Similarly, counterfeit automotive parts can lead to premature wear and compromise road safety. The list of counterfeit products does not end there. Baby products, such as strollers, toys that do not meet safety standards, cosmetics containing low-quality or regulation-prohibited ingredients, as well as defective electronic components, all pose serious risks to consumers.

It is therefore essential to remain vigilant to avoid even unintentional counterfeits.

HEALTH AND FOOD QUALITY CONTROLS TRANSFERRED TO CUSTOMS

In order to facilitate the movement of goods across borders and improve the transparency of government activities, particularly for port operators, certain control tasks that were previously carried out by the DGCCRF (General Directorate for Competition, Consumer Affairs and Fraud Control) have gradually been entrusted to the customs administration since November 2022.

As of June 1, 2023, the transfer of import controls to customs across the entire territory has been implemented, including the regions of Occitanie, Île-de-France, Auvergne-Rhône-Alpes, and Mayotte.

The controls affected by this transfer include:

- Sanitary controls for non-animal foodstuffs,
- Controls for organic products,
- Controls for the marketing standards of fruits and vegetables,
- Controls on materials in contact with foodstuffs.

From now on, these controls will be carried out by customs services prior to customs clearance of goods.

It is important to note that **this transfer does not involve any changes in the formalities to be completed by professionals**. It is simply a change of interlocutor. Operators will now have to send the sanitary documents and organic certificates to the new Customs Points of Border Control (PCF) and Customs Points of Entry (PMLP)



The controls will then be carried out by customs officers following **the same procedures as those of the DGCCRF**.

However, the control locations remain unchanged and correspond to those already used by professionals. However, if a control is planned in another department, it is necessary to contact the central customs services (COMINT2 office).

CUSTOMS UNION REFORM PROJECT : WHERE DO THINGS STAND?

The European Commission has recently proposed a significant reform of the European Union Customs Union to enable customs authorities to address new challenges, particularly those related to e-commerce. This reform aims to strengthen European customs governance, adopt an updated approach to data management, and establish specific measures for online trade.

The reform proposal, published on May 17, includes a comprehensive set of measures **to establish a renewed partnership between European customs and businesses**. This approach takes into account technological developments and aims to ensure consistent action at the European level through the creation of a customs authority.

As part of this reform, a **new approach to data management** will be implemented. This will enhance the capacity of member states to act consistently, particularly in managing risks and protecting the internal market. Ultimately, this data space will integrate current computer systems at both the European and national levels.

To address the specific challenges of e-commerce, the reform proposal provides for specific measures for these transactions. This includes **the removal of the €150 customs duty exemption**, similar to what has been done for VAT. **Selling platforms will have increased responsibility**, and these transactions will be prioritized within the European data space. The Commission also proposes a new alternative system for the application of customs duties in e-commerce.

The reform also aims to strengthen customs governance at the European level by creating a European customs authority. This authority will have cross-cutting missions to support national administrations, ranging from data management at the European level to managing health and security crises. It will also provide support for harmonized interpretation of regulations.

In collaboration with member states, this authority will play a **central role in harmonizing customs actions within the EU**.



This ambitious reform project is expected to be implemented gradually over **a period of 10 years starting from 2028**. **It aims to modernize the European Customs Union and enable customs authorities to adapt to evolving trade dynamics.**

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END OF PREFERENCES FOR CERTAIN PRODUCTS / INDIANS, INDONESIANS AND KENYANS UNDER THE GSP

REMINDER: From 1 January 2023, certain Indian, Indonesian and Kenyan products will no longer be able to benefit from zero or reduced rates of customs duty when imported into the European Union under the GSP. This will apply for 3 years. The situation will therefore be re-examined in 3 years' time but given the arrival of a new GSP, this measure should only apply for one year from 1 January 2023.

List of products concerned:

For India :

- Inorganic and organic chemicals
- Plastics and articles thereof
- Articles of leather; furskins and fur
- Textile materials
- Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware
- Pearls and precious metals
- Cast iron and steel and articles thereof
- Base metals (excluding cast iron, iron and steel) and articles of base metal (excluding articles of cast iron, iron or steel)
- Machinery and apparatus; electrical equipment and parts thereof
- Vehicles and equipment for railways or the like

For Indonesia :

- Live animals and their products, excluding fish
- Animal or vegetable oils, fats and waxes
- Mineral products
- Wood and articles of wood; charcoal

For Kenya :

- Live plants and floricultural products



DOCK DUES - EXEMPTION FOR MAYOTTE IN 2023

Mayotte is considered to be an export territory vis-à-vis the EU (like Guadeloupe, Martinique, French Guiana and Réunion).

As a reminder, goods with EU customs status are not subject to EU customs duties, but dock dues may be levied on all imports into the DROM.

Each rate is specific to each DROM and depends on the customs nomenclature.

A new list of dock dues for Mayotte has just been published. Certain products will therefore be eligible for exemption.

