

# TRADE OBSERVER

The official monthly update by CustomsBridge

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## 52

No customs,  
no chocolate

**DOES THE EASTER BUNNY PASS  
THROUGH CUSTOMS?**

**EUROPE IN ACTION: TOWARDS A FUTURE  
WITHOUT PLASTIC WASTE**

**THE DIGITAL REVOLUTION OF CERTIFICATE OF ORIGIN:  
CHALLENGES AND OPPORTUNITIES FOR  
INTERNATIONAL TRADE**

**YOUR CUSTOMS MONITORING**



## DOES THE EASTER BUNNY PASS THROUGH CUSTOMS?



**Spring is arriving: the days are getting longer, temperatures are rising, flowers are blooming, and the Easter Bunny is getting ready for his rounds...**

**First and foremost, there's the matter of bringing back chocolates from Switzerland. While Switzerland may have eliminated import duties on industrial products, the same cannot be said in the opposite direction. So, it's necessary to refer back to the combined nomenclature and identify the applicable customs code.**

Oh dear, according to this customs code, chocolates are taxed at over 8% in the EU! But fortunately, our Easter Bunny can benefit from preferential origin. Indeed, the cocoa imported from West Africa is sufficiently transformed in Switzerland so that the chocolates obtain preferential origin, which provides an exemption from customs duties. A stroke of luck for chocolate lovers!

After customs duties, the next step is to tackle the required import documents. Chocolate, like all foodstuffs, is subject to specific SPS (Sanitary/Phytosanitary) obligations: approval, notification in the Traces-NT application, sanitary control, labeling, choice of entry point, traceability, etc.

But this year, there's a small novelty: cocoa, and therefore its derivative, chocolate, is also targeted by the new European regulation aimed at combating deforestation. So, the Bunny calls upon his favorite advisors, the LightHouse LHLF firm, to determine what his obligations are:

- The bunny must ensure that the cocoa used in the production of chocolates has not been subjected to deforestation activities after December 31, 2020,
- For his next rounds, imports must therefore be accompanied by a declaration of due diligence... It sounds rather abstract, but his favorite lawyers have provided him with a pragmatic response, as usual, with examples of information/documents ensuring the required traceability (and they remind him that soon, he will also need to verify if the cocoa has not been extracted under conditions contrary to the (future) new European regulation combating forced labor).

Everything is ready now, the Bunny just has to prepare his customs declaration. For this, he solicits a registered customs representative along with, of course, the standard customs representation contract, very balanced, prepared with his "friendly lawyers" so that each party (RDE and importer) knows their obligations, responsibilities, and risks.

Everything goes smoothly until the Bunny is stopped for an unexpected customs check at the borders!

For the chocolate, nothing to report, just a sample taken by the customs officers (chocolate fans!), following the rules given the recent reform of Article 60 of the Customs Code on the framework of customs controls/powers of customs.



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## DOES THE EASTER BUNNY PASS THROUGH CUSTOMS?



As for the supersonic aluminum egg launcher, the customs officers are satisfied because the Bunny had thought well:

- To apply for his Dual-Use Goods (DUG) license because some functionalities subjected the launcher to this regulation,
- To collect supplier information to later prepare the MACF report (Border Carbon Adjustment Mechanism): it will just need to be verified that the data is correct, then used with European formulas, then registered on the MACF base, then manage to use the platform, then... Well, fortunately, we're still in the transitional period!

However, it seems our Bunny forgot his CITES permit... Yes, the Easter Bunny is not just any bunny!

He is therefore protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). As soon as he crosses a border, he must apply for a re-export certificate and an import permit.



He had completely forgotten about this very stringent regulation that applies particularly to bags, clothing made from protected specimens. Fortunately, the customs officers are big chocolate lovers and don't want to spoil the egg hunt: in cooperation with the DREAL, permits are issued urgently!

While waiting to pass through customs, the Bunny surfs LinkedIn and finds an exciting mini-series: the first of its kind, offered by LightHouse LHLF (them again!), on the exchanges between Alice the tax specialist and Xavier the customs officer: incoterms, concepts of fiscal and customs importer, customs value and transfer pricing, etc.: everything is there with an added touch of romance and humor, he didn't even notice the time passing.

**All's well that ends well, the chocolates are imported and ready to be hidden in gardens. Another beautiful egg hunt awaits this year!**



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## THE DIGITAL REVOLUTION OF CERTIFICATE OF ORIGIN: CHALLENGES AND OPPORTUNITIES FOR INTERNATIONAL TRADE



**Digitization is revolutionizing commercial practices, and the customs domain is not exempt from this transformation. The World Customs Organization (WCO) recently published an enlightening study on the digitization of the certificate of origin, offering a detailed overview of the advancements and challenges faced by customs administrations worldwide.**

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Indeed, digitization involves converting information into digital format, thereby enabling efficient exchange between machines. Concerning certificates of origin, two main practices emerge:

- **Electronic Certificates of Origin:** These certificates are issued in digital form, with an electronic signature and stamp from the competent authority.
- **Electronic Data Interchange:** Customs authorities implement data exchange systems to facilitate electronic transmission of relevant information.

According to the WCO study, out of the 82 surveyed customs administrations, 48 issue certificates of origin in both paper and electronic formats. However, some administrations offer only one option, whether digital or physical.

Challenges persist, particularly in terms of detecting irregularities and fraud, as well as in implementing effective electronic certificate programs.



The study also reveals that 22 administrations have already implemented electronic data exchange systems on origin, while 9 others are in development. These systems aim to simplify customs procedures by automating data verification and facilitating authenticity requests.

Another significant aspect is self-certification, allowing commercial entities to declare origin on documents such as invoices or delivery notes. The study highlights existing systems and practices in digital certification, thus showcasing advancements in this field.

**In conclusion, the digitization of the certificate of origin presents new opportunities for more efficient management of international trade, while posing unique challenges to stakeholders in international commerce. As technologies evolve, it is essential for customs administrations and businesses to adapt to fully leverage these advancements.**



## EUROPE IN ACTION: TOWARDS A FUTURE WITHOUT PLASTIC WASTE



**In a determined move towards more ecologically sound waste management, the European Parliament has recently adopted a landmark measure: the ban on exporting plastic waste to non-members of the Organisation for Economic Co-operation and Development (OECD). This decision marks a major turning point in the global fight against plastic pollution and underscores Europe's commitment to a more circular and environmentally respectful economy.**

The new regulation aims to impose stricter control over waste transfers outside the European Union. Export to non-OECD countries will now only be permitted if they have suitable facilities to handle the waste in an environmentally sound manner. These facilities will undergo independent audits, with results verified by the European Commission.

Specifically, the export of plastic waste to these countries will be strictly prohibited. However, a five-year period will be granted for concerned countries to request a reassessment of this ban, provided they can prove they do not use incineration or landfill disposal for waste disposal. A review clause will also be included by the end of 2038 to evaluate the effectiveness and consequences of this ban.



This legislative measure is motivated by the desire to ensure proper management of plastic waste, wherever it may be sent. It demonstrates the EU's commitment to taking responsibility for managing its plastic waste, thereby ending practices of exporting deemed unsustainable.

Despite initial hesitations from some lawmakers, who feared conflicts with World Trade Organization rules, a legal opinion from Parliament confirmed the legitimacy of this ban regarding public health and environmental protection.

This legislative advancement is part of a broader initiative to raise awareness among European plastic producers about adopting more sustainable practices such as recycling and reuse. Concurrently, the European Union plans to adopt measures aimed at reducing the amount of packaging waste generated within its territory, thus demonstrating its commitment to a more environmentally friendly circular economy.

**In conclusion, the ban on exporting plastic waste to non-OECD countries represents a significant step forward in the global fight against plastic pollution. It demonstrates Europe's determination to play a leadership role in transitioning to more responsible resource management and contributing to the preservation of our planet for future generations.**





## YOUR CUSTOMS MONITORING

### EU-VIETNAM AGREEMENT

The agreement has been updated to include modifications in Annex II regarding specific product rules. These changes notably affect leather products from chapter 41 and knitwear products from position 6212, which were absent from the original agreement.

*Source: European Commission, EU-Vietnam Free Trade Agreement, updated Harmonized System 2022*

### EU-COLOMBIA / PERU / ECUADOR AGREEMENT

An agreement has been reached between the European Commission and the Peruvian government to implement commitments on labor rights. A list of technical cooperation activities has been established within the framework of this trade agreement.

*Source: European Commission, Press Release on EU-Colombia / Peru / Ecuador Agreement.*

### EU-UKRAINE AGREEMENT

The European Parliament and the Council have agreed on an extension of trade liberalization measures with Ukraine in response to the Russian aggression war. The temporary suspension of import duties and quotas on Ukrainian agricultural exports to the EU will be renewed for an additional year. *Source: European Parliament, Provisional Agreement on the Extension of EU-Ukraine Trade Liberalization Measures.*

### EU/CHILE NEGOTIATIONS UPDATE

The Council of the European Union has definitively approved a bilateral trade agreement with Chile. This new interim agreement only requires EU ratification, without the need for individual approval from member states. Once the internal ratification process is completed on the Chilean side, the agreement can come into effect. It will take effect on the first day of the third month following notification of the completion of internal procedures by both parties.

The interim agreement will expire as soon as the advanced framework agreement, subject to ratification by all member states, comes into force.

*Source: European Council, Press Release on EU/Chile Trade Agreement.*

### BREXIT: NEW CUSTOMS MEASURES FOR EXPORT

Starting from April 30, 2024, new measures will be implemented for exports of animal/plant origin products from the EU and EFTA (AELE) to the United Kingdom:

- Introduction of documentary, identity, and risk-based physical checks for animal-origin products, plants, plant products, foodstuffs, and high-risk non-animal origin feedstuffs from the EU.
- Existing inspections of high-risk plants and plant products from the EU will be relocated from destinations to border control posts.
- UK customs will also begin simplifying imports from non-EU countries.

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### EXPORT CONTROL: NEW DIRECTIVE ADOPTED

The European Parliament has adopted a directive, in agreement with the Member States, aimed at criminalizing the violation and circumvention of EU sanctions and defining associated penalties. This directive must be approved by the EU Council to become European law. It introduces a common definition and minimum sanctions for sanctions violations, which were previously within the competence of the Member States.

Behaviors constituting a criminal offense include, notably, concluding transactions, importing and exporting goods, providing financial services prohibited by EU sanctions, as well as failing to comply with the conditions of authorizations granted by competent authorities. The directive also harmonizes minimum penalties for individuals and companies in case of EU sanctions violations.

### GUM (GUARANTEE MANAGEMENT SYSTEM)

A new version of the Customs Decisions System, incorporating GUM1, was deployed on March 11th. GUM 1 manages global guarantees across multiple Member States and tracks reference amounts for each customs declaration, as well as other elements necessary for customs debt accounting, excluding the transit regime handled under the NCTS framework. The European Commission has updated its dedicated page to inform operators of this new feature, along with an English-language user guide available.

### VOTE ON EU CUSTOMS REFORM

The Internal Market Committee has voted on the largest customs reform in the EU since 1968. This reform, aimed at relieving pressure on customs authorities, proposes to simplify procedures, clarify data handling, create a platform for whistleblowers, and implement a new IT system earlier to facilitate trade and reduce administrative burdens, especially for SMEs.

The new regulation will require large platforms to provide information on goods shipped to the EU within one day after purchase, to better monitor incoming shipments.

A new trusted trader system would allow authorities to focus controls on high-risk businesses, while a new European data platform would replace over 111 separate customs IT systems currently used in Europe. The draft report was adopted in committee by 34 votes in favor, 0 against, and 5 abstentions and will be submitted for a vote at an upcoming plenary session to establish Parliament's position in the first reading.

