

TRADE OBSERVER

The official monthly update by CustomsBridge

APRIL 2024

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100% Customs

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YOUR CUSTOMS MONITORING

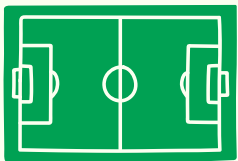
EUDR : END TO DEFORESTATION!

Since the enforcement of the European Union Timber Regulation (EUTR) in 2013, operators have been required to ensure the legality of timber products in the European market. However, in response to the urgent need to halt deforestation and forest degradation, the European Union has reached a critical milestone with the adoption of the Regulation against Deforestation and Forest Degradation

What is the EUDR and why was it established?

The EUDR, which came into force on June 29, 2023, represents a direct response from the European Union to the climate emergency and biodiversity loss. Its main objective is to eliminate the placing on the market of products contributing to deforestation or forest degradation after December 31, 2020. This initiative aligns with the recommendations of the Intergovernmental Panel on Climate Change, highlighting the crucial impact of preserving forest ecosystems on reducing CO2 levels.

While the EUTR only covered timber, the RDUE extends to beef, palm oil, soy, coffee, cocoa, rubber, and timber, to which certain derivatives should be added.



For your information :

In 2019, 11,088 km² of Brazilian forest disappeared, equivalent to 1,552,941 football fields.

Nearly 7.6 million hectares of forests disappeared each year between 2010 and 2015.

What does the EUDR change for businesses?

The EUDR transforms the landscape of import-export by imposing additional obligations on businesses. In addition to complying with EUTR standards, companies will now have to ensure that their products have not contributed to deforestation or forest degradation after 2020. This expanded responsibility will require increased vigilance throughout the supply chain, with stricter controls on the origin of raw materials.

Next Steps:

From December 30, 2024, the EUDR will be fully applicable to all EU Member States, with an extended transitional period until June 30, 2025, for SMEs. Competent authorities, designated in each Member State, will be tasked with enforcing and monitoring compliance with the EUDR.

In France, the Ministries of Environment and Agriculture will be responsible for these controls, benefiting from advanced tools such as satellite monitoring and DNA analysis to verify the origin of products.



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DELTA I/E: REVOLUTION IN CUSTOMS DECLARATION

Customs declaration as we knew it is about to undergo a transformation. Indeed, as of November 2024, the traditional Single Administrative Document (SAD) will give way to a more modern and efficient version: the data-based customs declaration, dubbed Delta I/E.

This major transition is part of the "import-export overhaul," aiming to integrate the Union Customs Code (UCC) into the French customs' IT tools. Concretely, this will result in a complete dematerialization of customs processes, with the ultimate goal of interoperability among European customs systems.

The benefits for operators are numerous. Gone are the tedious SAD forms, replaced by a simplified declaration in data sets, comprising around 80 mandatory elements that operators can adjust to their needs. Moreover, the timeframes for rectification and invalidation of declarations will be extended to 3 years, providing more flexibility to businesses.

Another significant advancement: information regarding declaration control will now be electronic, thus speeding up exchanges and reducing administrative delays.

In the longer term, the Declarant's Entry Recording (IED) system, already in place for some customs warehouses, could be expanded, offering significant benefits to Authorized Economic Operators (AEOs), such as exemption from presenting goods.

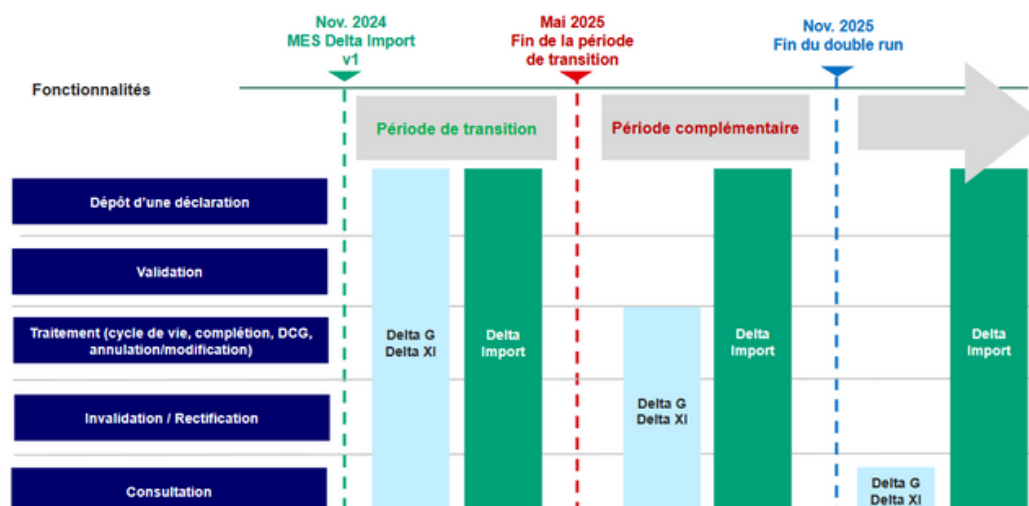
The gradual deployment of Delta I/E will begin in November 2024 for the import aspect, progressively covering different customs regimes. This evolution marks a crucial step towards smoother and more efficient management of commercial exchanges.

After several postponements, the DGDDI (French Directorate-General of Customs and Indirect Taxes) recently announced a new provisional rollout schedule for the online service:

November 2024: Launch of Version 1 for one-time procedures.

Until May 2025: 6-month transition period for customs operators, during which DELTA-G Import and DELTA I services will coexist.

May 2025: End of the transition period.



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ORIGIN VS PROVENANCE: WHAT YOU NEED TO KNOW

In the context of international trade, understanding the origin of goods is a crucial step. Whether you are importing or exporting products, the origin of your merchandise determines the measures and conditions that will be applied to its importation. This notion of origin is not merely a geographical question; it is also regulated by complex rules dictated by trade agreements and customs regulations.

Origin, distinct from provenance, is essentially the nationality of the merchandise. Products are considered originating from a country if they have been entirely manufactured there or if they have undergone the final substantial transformation or processing economically justified in that country. Origin, along with classification and value, is one of the three fundamentals of customs.

The concept of origin is thus defined in European codes by two rules to meet different objectives:

Firstly, there is **the preferential origin rule**, which comes into play when bilateral or multilateral trade agreements are in place between the European Union and third countries. These preferential agreements aim to promote trade by offering tariff benefits to importers.

Specifically, this means that importers can benefit from reduced or even exempted customs duties for goods originating from the signatory countries. To do this, documents such as the certificate of origin or the EUR1 certificate are often required.

In case of doubt about the origin of a product, operators can seek assistance from customs authorities to obtain an official opinion. Customs has also made available the list of all countries with which Europe has signed agreements, accessible on the official customs website.



Then, there are **non-preferential origin rules**, which apply similarly but without offering tariff benefits. These rules simply determine the application of the Common External Tariff (CET) of the European Union. Consequently, importers may be subject to standard customs duties, as well as other trade measures such as anti-dumping duties.

To benefit from the Common External Tariff, it is important to know the applicable duties for the importation of a specific product, as well as to verify the various applicable measures to ensure compliance when making a customs declaration.



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CERTIFICATE OF CIRCULATION ATR TURKEY

Starting from April 1st, 2024, ATR certificates issued by Turkey will no longer be valid if they display "European Economic Community". Henceforth, they must only mention "European Community and Turkey". This modification could lead to export blockages. Additionally, the official use of the term "Türkiye" by the EU is pending a technical revision of the 2006 Customs Union Agreement. The ATR certifies that goods circulate freely within the framework of this agreement, thereby allowing exemption from conventional customs duties in the importing party.

CBAM - SUPPORT UPDATE

The CBAM documentation has been updated as of the end of March 2024, including the following elements:

- Corrections and improvements for future planning, up to March 12, 2024.
- An updated glossary of system error messages, dated March 27, 2024.
- A CBAM communication template for installations, utilizing an Excel file to calculate the actual carbon emission rates of installations located outside the EU.
- The user manual for the Transitional Registry, dated March 27, 2024, providing detailed instructions for declarants.

Important Reminder: The CBAM report for the first quarter of the year 2024 must be submitted by April 30, 2024. If you have been unable to meet previous deadlines, it is strongly recommended to submit a report, even if incomplete, as soon as possible using the "Request Delay" button. It will still be possible to modify reports after submission, until July 31, 2024.

EU-NEW ZEALAND AGREEMENT

The free trade agreement between the European Union and New Zealand, signed on July 9, 2023, in Brussels, will enter into force on May 1, 2024. This agreement envisages the elimination or reduction of customs duties, subject to compliance with the rules of origin associated with it.

To benefit from these advantages during customs clearance, you will need to present:

- A certificate of origin, where the exporter certifies that the product is of origin, following the text of Annex 3-C (page 625), to be included on an invoice or any other commercial document.
- Alternatively, the importer must have knowledge that the product is of origin.

For exporters from the European Union, this will generally involve registration in the REX (Registered Exporters) database for shipments exceeding a certain threshold.





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COMMUNICATION RIGHT - CUSTOMS CONTROL

A new decree dated March 26, 2024 (NR 2024-267) clarifies the modalities of exercising the communication right stated in Article 65 bis A of the customs code.

Henceforth, this right may concern information relating to persons not specifically designated, according to procedures defined by decree. Only customs officers with at least the rank of controller, on written order from an inspector, may exercise it. They may obtain various documents in the course of their investigations into customs fraud, whether on-site or by correspondence, including electronically. This decree has been in effect since March 27, 2024.

RESPECT OF INTELLECTUAL PROPERTY RIGHTS

Companies have the option to file a request with the customs authorities to request their intervention when they suspect that goods are infringing on their intellectual property rights. The Commission wishes to gather the opinions of stakeholders on this issue, and therefore a draft act is open for comments for a period of 4 weeks, from March 27 to April 24. The expressed opinions will be taken into account to finalize this initiative.

CUSTOMS GUARANTEES

From now on, the deposit of customs guarantees to request customs regimes suspending duties and taxes or deferring import customs duties will no longer be done on paper. Operators must now log in to the portal to:

- Submit new applications for CGU authorizations.
- Integrate CGU and DPO (payment deferral) authorizations currently in paper format.

Technical assistance is available via the Assistance Management Tool (OLGA) in case of access difficulties. Note that the deployment of TP-CDS is ongoing and will gradually integrate customs authorizations provided for in the Union Customs Code (UCC). This assistance should be operational by April 22nd (subject to ongoing changes). A technical sheet on submitting an OLGA assistance request is planned (see note to operators). The decree of the principal obligor and the guarantor was published in the Official Journal on March 15, 2024. Attached to this publication, you will find the following information:

- Isolated guarantee.
- Global guarantee, accompanied by tables for the deferral of reference amounts by customs regime.
- The bonding regulation concerning guarantees to be provided for customs clearance.





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DELTA T: NEW VERSION

Since its launch in 2003, the NCTS (New Computerised Transit System) has facilitated the exchange of electronic messages between the transit computer systems of the European Union Member States and countries signatory to the Common Transit Convention. In France, the Delta T application is connected to this system, enabling operators and customs officers to exchange electronic messages. With each new version of NCTS, Delta T must be updated to comply with European requirements.

Phase 5 of NCTS is scheduled for October 2024. This phase aims to facilitate the exchange of electronic messages between the transit computer systems of the Member States and the countries of the Common Transit Convention. Consequently, a new version of Delta T will be deployed starting from October 2024, integrating new features, including the obligation to provide the 6-digit customs code for goods.

ENERGY PRODUCTS / NEW DUTIES AND TAXES

Starting from April 1st, 2024, new duties and taxes will apply to energy products. These duties and taxes concern the mainland customs territory (mainland France, Corsica, Monaco) as well as the overseas departments.

