

TRADE OBSERVER

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61

Geopolitics at the heart of current affairs

**SINO-AMERICAN SHOWDOWN:
TENSIONS BETWEEN WASHINGTON AND BEIJING
INTENSIFY**

EU-MERCOSUR : A HIGH-STAKES AGREEMENT

**SANCTIONS AGAINST RUSSIA: THE CRUCIAL ROLE OF
CUSTOMS IN AN INTERNATIONAL CONTEXT**

YOUR CUSTOMS MONITORING

SINO-AMERICAN POWER STRUGGLE : TENSIONS BETWEEN WASHINGTON AND BEIJING ARE ESCALATING

While the president-elect has not yet officially taken office, tensions between Washington and Beijing are already escalating on the trade front. Both sides are ramping up announcements and measures, signaling a complete lack of respite in their economic confrontation.

Donald Trump's re-election has ushered in a transitional period in the United States, but this context has not stopped the leader from reiterating his campaign promise: to impose an additional 10% tariff on Chinese imports at the very start of his term. Trump, who had also mentioned the possibility of tariffs as high as 60%, has recently expanded his target to include BRICS countries, of which China is a member.

For several years, Sino-American relations have evolved into a strategic confrontation where international trade serves as the main battleground. Trump's protectionist measures, introduced during his first term, were strengthened by his administration and extended by the current one, particularly in the technology sector. The issue of semiconductors, in particular, highlights how this economic rivalry has taken on a global dimension, affecting both supply chains and geopolitical dynamics.

A Gradual Escalation of Tensions

Well before Donald Trump's inauguration, trade relations between the United States and China were already marked by mutual distrust. During his presidential campaign, Trump pledged to impose massive tariffs on Chinese goods to rebalance the trade deficit. Once elected, he implemented this strategy through a series of tariff and non-tariff barriers. In response, Beijing stepped up efforts to reduce its dependence on American technologies while adopting similar measures against U.S. companies.

Last November, a new milestone was reached in this economic confrontation. Washington expanded its restrictions on semiconductor exports and added 140 Chinese companies to its blacklist. According to the U.S. Department of Commerce, the goal of these sanctions is to curb China's technological advancements in strategic sectors, particularly the military industry.





China's Response: Control of Critical Materials

In response, China has decided to strictly regulate the export of materials essential for semiconductor manufacturing, such as gallium and germanium. These metals, crucial in various fields like solar panels and infrared systems, are now subject to restrictive export licenses and, in some cases related to defense, outright bans.

Officially, Beijing justifies these measures as necessary for national security. However, many view them as a direct response to U.S. initiatives. With a dominant position in global production—94% of gallium and 83% of germanium—China wields a powerful lever to counteract in this trade war.

The reciprocal sanctions are already disrupting international supply chains. Experts warn that these restrictions could lead to price increases and delays in the delivery of components, particularly impacting the technology and electric vehicle industries. Manufacturers, faced with these challenges, are actively exploring alternative solutions to secure their supplies.

Meanwhile, in China, authorities are promoting a strategy to replace American technologies. The Internet Society of China recently urged companies to prioritize locally produced chips or those developed in collaboration with other international partners. Industry associations, such as the one representing automakers, have also criticized the unilateral changes in U.S. export control regulations.

As Sino-American tensions focus on critical sectors, they reflect a much broader competition for global economic and technological leadership. This rivalry, which is shaping industrial and trade policies, will continue to have profound implications for international trade and the stability of supply chains.

EU-MERCOSUR: A HIGH-STAKES AGREEMENT

The conclusion of the free trade agreement between the European Union and the Mercosur countries (Argentina, Brazil, Uruguay, Paraguay, Bolivia), announced by European Commission President Ursula von der Leyen, marks a turning point in trade relations between these two economic blocs. However, the agreement has sparked intense tensions, particularly in France, where opposition to the treaty remains strong. Can France still hope to slow its ratification ?

France has quickly positioned itself against this agreement, citing its potential repercussions on national agriculture and its environmental impact. Criticism comes from both farmers and parliamentarians across the political spectrum, who view the treaty as a threat to European food sovereignty and a setback in the fight against deforestation.

However, France's ability to maneuver will depend on the final form of the agreement. If the deal remains strictly commercial, it can be approved by a qualified majority in the Council of the European Union, thereby limiting France's capacity to oppose it. On the other hand, if a political component is added, involving commitments on human rights or sustainability, unanimous approval will be required. In that scenario, Paris could exercise a veto.



To maximize its chances, France is working to form a blocking minority within the Council. It could rely on skeptical partners such as Italy, Poland, and the Netherlands, which have expressed reservations about the agreement. However, convincing enough member states to block the process remains a challenge, especially since other countries, like Germany, are actively supporting the deal.

Beyond internal debates, this agreement reflects broader geopolitical stakes. If the deal is rejected, Mercosur could pivot toward China, forcing the European Union to weigh the economic, environmental, and strategic consequences of such an alliance. France, despite its opposition, will have to contend with a larger European dynamic where the interests of member states often diverge.

In the coming months, the negotiations promise to be decisive, not only for this agreement but also for Europe's vision of global trade and sustainable development.



SANCTIONS AGAINST RUSSIA: THE CRUCIAL ROLE OF CUSTOMS IN AN INTERNATIONAL CONTEXT

The sanctions adopted by the European Union (EU) against Russia, including the recently announced 15th package on December 15, 2024, are profoundly redefining the dynamics of international trade. These measures, implemented in response to Russia's aggression against Ukraine, highlight the essential role customs authorities play in ensuring the security and integrity of cross-border trade.

Customs authorities are at the heart of enforcing these sanctions. They ensure that trade flows strictly adhere to the new restrictions, such as the export controls on dual-use goods and the prohibition of access to European ports for certain Russian vessels. Beyond monitoring goods, customs play a key role in tracking economic actors and ensuring the traceability of transactions, thereby guaranteeing compliance with the measures implemented by the EU.

For businesses, these heightened controls can have diverse impacts. They necessitate increased vigilance in supply chain management as well as adaptations to internal processes to meet new regulatory requirements. For instance, companies exporting restricted products must now incorporate additional checks to avoid any violations. Indirectly, these measures drive a shift toward greater transparency and closer collaboration with customs authorities and compliance experts.

The scope of the sanctions extends beyond purely commercial aspects. New legal restrictions, such as the non-recognition of decisions from Russian courts, further isolate Russian entities from the European system and strengthen international standards of legality and transparency. By enforcing these rules, customs authorities help ensure secure trade that aligns with the principles established by the EU.

These measures, although complex, should not be seen as barriers to trade but rather as opportunities to ensure sustainable and responsible exchanges. By tightly regulating flows, they strengthen business resilience and promote a trading environment aligned with the EU's geopolitical and ethical priorities.

Thus, this fifteenth package of sanctions highlights the interdependence between politics, security, and trade. It underscores the indispensable role of customs in managing these challenges and calls on economic actors to mobilize and adapt to navigate effectively in an ever-evolving context.





YOUR CUSTOMS MONITORING

NEW DECISION ON THE MONITORING OF CUSTOMS DEBTS

Administrative Decision No. 24-070 of November 21, 2024, introduces changes in the management of guarantees for potential customs debts, particularly for imports under temporary storage or specific customs regimes (excluding transit):

- End of TRIGO Application Usage: The allocation and monitoring of guarantees will no longer be managed through the TRIGO application.
- Operator Responsibility: Monitoring reference amounts will now be the sole responsibility of the operator, managed via their material accounting, either by allocation or immobilization of guarantees.

These adjustments emphasize and reinforce the accountability of operators in managing guarantees related to customs debts.

IMPLEMENTATION OF GUARANTEES AND MANAGEMENT

Administrative Decision No. 24-069 of November 21, 2024, regarding customs clearance guarantees, has just been published.

This decision outlines the procedures for implementing and managing customs guarantees, providing operators with a clear framework. It aims to simplify and regulate the management of guarantees essential for smooth customs clearance operations.

A key document for import-export professionals, it should be quickly integrated into their operational practices.

GUN/DELTA I

DELTA I is connected to the National Single Window for Customs Clearance (GUN) to enable the automated control and allocation of the digitized documents required for imports subject to restrictions.

The GUN-DELTA IE interface operates similarly to the DELTA-G system for import declarations. It applies to specific accompanying documents, such as compliance certificates, CITES permits, ODS licenses, export licenses, and import authorization requests for radionuclides.

However, certain documents, such as sanitary certificates and digitized agricultural certificates, are excluded from this interface and must still be declared via DELTA-G.

EU/COLOMBIA-PERU AGREEMENT

The trade agreement between the EU, Colombia, and Peru, provisionally in place since 2013, was recently approved by the European Commission. It includes tariff liberalizations, duty-free quotas, and the removal of non-tariff barriers. Measures to facilitate trade, such as simplified customs procedures, are also introduced. The agreement covers capital movements, investments, and public procurement. It commits the parties to uphold human rights and protect the environment. Bolivia, excluded from this agreement, currently benefits from the EU's GSP+ scheme.





YOUR CUSTOMS MONITORING

PLACEMENT OF DEFECTIVE PRODUCTS ON THE MARKET

A new directive expands the liability of e-commerce platforms regarding the placement of defective products on the market, including items such as software and AI. It aims to protect consumers from products manufactured outside the EU. This directive applies to products placed on the market after December 9, 2026, which is the deadline for its transposition into the national laws of Member States.

DIGITAL CUSTOMS PROCEDURE

The digital customs procedure enables certain customs actions to be carried out in a dematerialized manner using a secure device. This streamlines the work of customs officers in investigation, documentation, and enforcement by allowing the collection of handwritten signatures from operators and agents and the electronic transmission of documents. Initially, the device will be used to draft reports and conduct transactions in the field, with potential extension to other actions covered under Article 322 of the Customs Code. Signatures are not stored on the device, and information is retained only for the duration of the procedure.

SBDU - CONTROL LIST UPDATE

The list of dual-use goods has been updated by REG 2547/2024 of November 7, 2024, resulting in the replacement of Annex 1 of the basic regulation NR 2021/821. A correlation table valid from December 8 to December 31, 2024, has been published. These goods are subject to EU controls and require export authorizations. Column B of the table indicates the corresponding footnote code for measures in the online TARIC.

RUSSIA SANCTIONS

Members of Parliament call for enhanced maritime surveillance, stricter controls, and additional sanctions to curb the impact of fleets operating in European waters. Some vessels evade established rules or even engage in illicit activities. A resolution is expected to be adopted by the end of November 2024. Additionally, Russian vessels are banned from accessing any EU territory.

CUSTOMS DUTIES – INFORMATION TECHNOLOGY PRODUCTS

The European Commission is seeking information on the impact of Indian customs duties, deemed incompatible with WTO rules, on the EU's economic interests in the ICT sector. It invites relevant stakeholders to submit their contributions by February 10, 2025, including feedback on the potential application of Regulation (EU) No 654/2014. The Commission will review this information to consider possible EU trade policy measures if no satisfactory solution is reached between the EU and India.

