TRADE OBSERVER

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TRADE RELATIONS BETWEEN CHINA AND RUSSIA: A STRATEGIC ECONOMIC ALLIANCE

Trade relations between China and Russia have strengthened in recent years, reaching historic levels in 2024. With bilateral trade totaling approximately €240 billion, the two powers continue to deepen their economic and strategic partnership despite Western sanctions imposed on Moscow. This collaboration reflects a shared ambition to foster sustainable economic ties while sidestepping the constraints imposed by the United States and the European Union.

In 2024, combined imports and exports between China and Russia increased by 2% compared to 2023. Although this growth is modest compared to the 26.3% surge recorded between 2022 and 2023, it marks a new record for this partnership. Russia's main exports to China include oil and gas, valued at over $94 billion in 2023, as well as minerals and other raw materials. These energy resources fuel both China's economy and, indirectly, Russia's military efforts.
Conversely, China primarily exports technological goods and manufactured products to Russia. This trade dynamic bolsters Russian supply chains while reinforcing China's economic influence over its neighbor.

The expansion of Sino-Russian trade is accompanied by a gradual dedollarization. Russia now conducts the majority of its trade transactions with China in yuan. This choice, driven by Western sanctions and the desire to reduce dollar dominance, aligns with a broader strategy of economic independence. According to a CEPII report, this approach has also helped stabilize the ruble despite significant economic pressures.

The tightening of Sino-Russian ties is also a response to the isolation imposed on Moscow following the war in Ukraine. China, claiming to maintain a neutral stance, has not condemned the Russian invasion and continues to expand its cooperation with Russia. This partnership enables them to counteract economic sanctions imposed by Western countries and establish an alternative to European and North American markets.

Despite their growth, Sino-Russian trade volumes remain far below those between China and the United States, which amount to nearly €675 billion. However, tensions between Washington and Beijing could give new momentum to the Sino-Russian partnership, especially as the U.S. administration considers additional protectionist measures.

In conclusion, trade relations between China and Russia highlight a geopolitical shift where economic strategy becomes a key lever against sanctions and international tensions. Although fragile, this partnership represents a pivotal step in redefining global economic balances.

CANADA FACING U.S. CUSTOMS PRESSURE: IS A TRADE WAR LOOMING?

Traditionally placid in the face of its powerful neighbor, the United States, Canada is preparing its response to the customs threats posed by Donald Trump. Although economically dependent on the U.S., Ottawa is demonstrating that it knows how to defend its interests when at stake.

Trade with the United States represents a massive share of Canada's GDP: nearly 19% at the national level, and as much as 36% in key provinces like Alberta and Saskatchewan. A 25% increase in tariffs, as threatened by Trump, could lead to a recession in Canada, with growth reduced by 2 percentage points, a sharp decline in the Canadian dollar, and unemployment rising to 8%.

But Ottawa is not staying passive. During Trump's previous term, Canada had shown its ability to retaliate by targeting symbolic American products, such as Kentucky bourbon or Harley-Davidson motorcycles. This approach forced Washington to lift tariffs on Canadian steel and aluminum.

The Canadian government is now stepping up its efforts. Provincial premiers are mobilizing their contacts with U.S. governors, emphasizing the interdependence of cross-border supply chains. The Canadian ambassador to the U.S. also reminds that Canada is the primary customer for 36 U.S. states, a significant economic lever.
At the same time, Ottawa is acting on multiple fronts. A $700 million investment is planned to enhance border security, and a gradual increase in the military budget is being considered to meet NATO's expectations.

However, the challenges go beyond tariffs. Massive deregulation in the U.S. could threaten Canada's attractiveness. Lower taxes and less bureaucracy south of the border could trigger a flight of capital and talent to the U.S., putting pressure on the Canadian social model.

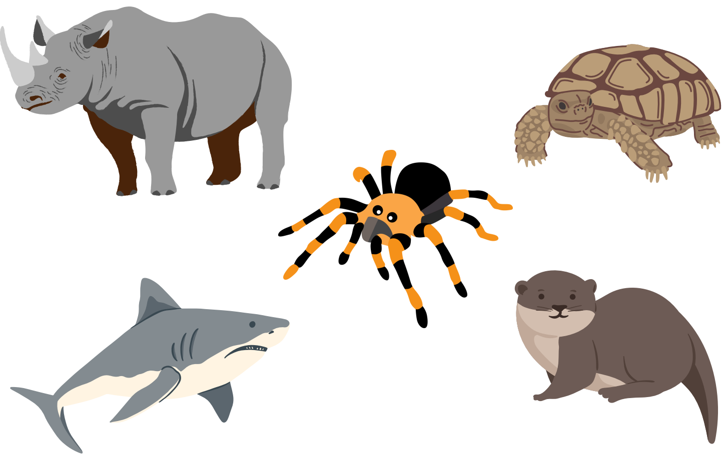
Facing this reality, Canada must combine firmness with adaptability. While the standoff with Trump is a test of resilience, it also highlights the importance for Ottawa to strengthen its international partnerships to reduce its reliance on the U.S. market.

CITES:
A PILLAR OF SUSTAINABLE TRADE IN WILD SPECIES

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), in effect since 1975, plays a key role in preserving global biodiversity. This intergovernmental agreement regulates the international trade of over 38,000 animal and plant species to ensure that trade does not threaten their survival.

The primary goal of CITES is to ensure that the trade of wild species is based on sustainable and traceable practices while contributing to their conservation. It applies to live specimens, dead specimens, and their parts and derivatives. The species involved are classified into three categories based on their threat level:

- **Species threatened with extinction: trade is strictly prohibited.**
- **Vulnerable species, but still abundant: trade is regulated through specific permits.**
- **Species threatened in restricted areas: trade is monitored.**



ach export or import requires a permit certifying the legality and sustainability of the trade, thus ensuring compliance with international standards.

The legal trade in species regulated by CITES generates billions of dollars annually. However, an illegal parallel trade, estimated between $7.8 and $20 billion per year, persists. This trafficking fuels poaching, accelerates the extinction of wild species, and deprives producing countries of their natural heritage.

European Union member states apply CITES through two key regulations:

- Regulation (EC) No. 338/97: the basic framework.
- Regulation (EC) No. 865/2006: the implementation rules.

These texts strengthen CITES provisions by introducing additional measures, such as a strict ban on certain specimens from specific countries. The recent update (EU Regulation 2025/6) introduces new import restrictions to further protect threatened species.

YOUR CUSTOMS MONITORING

TABLEWARE CERAMICS - CHINA

The European Union is launching a partial interim review of anti-dumping measures on table and kitchen ceramic items imported from China. The review concerns these products, excluding certain specialized tools (mills, sharpeners, cutting tools, pizza stones, etc.). These products fall under specific CN and TARIC codes.
Currently, they are subject to a definitive anti-dumping duty established by Implementing Regulation (EU) 2019/1198. The objective is to reassess these measures to ensure their continued relevance.

ANTIDUMPING CANDLES - CHINA

The European Union has launched an anti-dumping investigation into imports of candles, candleholders, and similar items from China (CN 3406 00 00). The investigation will cover the period from October 1, 2023, to September 30, 2024, to assess potential dumping and the resulting harm.

ANTIDUMPING POLYVINYL CHLORIDE (PVC) - EGYPT AND USA

The EU has imposed a definitive anti-dumping duty on imports of polyvinyl chloride (PVC) originating from Egypt and the United States, as per Regulation 2025/36 of January 9, 2025. PVC, used for both rigid and flexible products, is subject to these measures under CN codes ex 3904 10 00 (TARIC 3904 10 00 15 and 3904 10 00 80).
The duties can reach up to 100.10%, with an average of 77%, varying by company and origin. Further details are outlined in the regulation.

CHANGES IN CUSTOMS NOMENCLATURE AS OF 01/01/25

As of January 1, 2025, nearly 300 TARIC/10 customs codes will be created or removed, reflecting significant changes in the customs nomenclature. These modifications are available on the RITA platform, in the "Bulle Expert: Modification des données" section.
For regular updates, refer to the "Bulle Actualités," which continuously provides information on new customs developments. These adjustments are designed to respond to changes in trade flows and the needs of operators.

TARIFF QUOTAS AND SUSPENSIONS IN 2025

To prevent any disruption in the regime of autonomous tariff suspensions and quotas, the planned changes will come into effect on January 1, 2025. These measures allow for the import of certain products at reduced or zero customs duties. The annex of Regulation (EU) 2021/2283 will be replaced by that of Regulation 2024/3213 for tariff quotas. Similarly, the annex of Regulation (EU) 2021/2278 will be replaced by that of Regulation 2024/3211 for tariff suspensions. These adjustments ensure the continuity of customs benefits for the affected products.

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EU-CHILE PREFERENTIAL ORIGIN AGREEMENT

The new EU-Chile agreement will replace the provisions of the previous association agreement starting February 1, 2025. Key changes include:

- EUR.1 certificates and invoice declarations from the old agreement will no longer be valid as proof of preferential origin for goods imported into the EU or Chile.
- Goods in transit, temporary storage, warehouses, or free zones will need to comply with the new ITA rules for origin declarations.
- The old authorized exporter numbers will be replaced by REX numbers, which will be mandatory for origin declarations on shipments exceeding €6,000.

These adjustments aim to harmonize and simplify customs procedures between the two partners.

WAR MATERIALS AND SIMILAR EQUIPMENT

The flow of war materials and similar equipment is prohibited unless authorized. However, there are exceptions, particularly regarding export licenses (LEMG), transfer licenses (LT), or import licenses (AIMG) within specific cross-border logistical regimes.
A note to operators has been published to clarify the relationship between the regulation on arms and war materials and customs rules. This note is accompanied by several explanatory annexes to guide operators in the implementation of these provisions.

EU-BOZNIAN, EU-ICELAND, EU-ALBANIA ORIGIN PROOFS

The Official Journal of the European Union (OJ) on December 3, 2024, published several decisions regarding preferential origin rules. These decisions introduce the use of electronic origin proofs in trade between the European Union and three partner countries:

- Decision 2024/2990: Electronic origin proofs between the EU and Bosnia and Herzegovina;
- Decision 2024/2993: Electronic origin proofs between the EU and Iceland;
- Decision 2024/2991: Electronic origin proofs between the EU and Albania.

These provisions, which come into effect immediately, simplify customs procedures and aim to modernize trade exchanges. They will remain applicable until December 31, 2024.

YOUR CUSTOMS MONITORING

INTRA-EU STATISTICAL DECLARATIONS: NEW OBLIGATIONS AND PROCEDURE REMINDER

Since January 1, 2022, the previous DEB (Déclaration d'Échanges de Biens) has been replaced by two distinct procedures to support the European Union's trade policies. These new obligations apply to selected operators:

1. EMEBI: Monthly statistical survey on intra-EU goods trade, where operators must submit a summary of all transactions made during the reference period, with a response due by the 10th working day of the following month.
2. VAT Recap Statement: Concerning intra-EU goods deliveries, still collected by the DGDDI on behalf of the DGFIP.

Changes for 2025:

- Starting in 2025, new requirements will come into force, including the mandatory inclusion of the country of origin of the shipment and the VAT identification number of the customer for regime 29.
- Currently, these data are not blocking, but in 2025, an alert message will appear on DEBWEB2 if these details are missing, and the declaration cannot be validated without them.

ENERGY PRODUCTS - DUTIES AND TAXES AS OF JANUARY 1, 2025

Starting January 1, 2025, duties and taxes applicable to energy products will be revised following the publication of a new decision that repeals and replaces the previous NR 24.060 decision of December 2024.
These revisions apply to the customs territory of Metropolitan France, including mainland France, Corsica, and Monaco, as well as the overseas departments. The changes aim to adapt the fiscal treatment of energy products in these areas.

GEORGIA'S ACCESSION TO THE COMMON TRANSIT SYSTEM

Georgia will join the Common Transit System (CTS) on February 1, 2025, facilitating the customs transit of goods between the EU and several countries, including Norway, Iceland, Switzerland, Turkey, Ukraine, and the United Kingdom. In parallel, the European Commission has provided a progress report on Phase 5 of the New Computerized Transit System (NCTS), which has already been deployed in 29 countries.

Countries such as North Macedonia and Greece, along with several other European nations, are expected to be operational by January 2025. A transitional period is in progress until January 21, 2025, to allow lagging countries to finalize their systems.

YOUR CUSTOMS MONITORING

INCREASED TARIFFS ON TEXTILES IN MEXICO

Mexico has imposed tariffs of up to 35% on imports of textile products, effective from December 2024 and lasting until April 2026. This increase affects 138 customs codes, with tariffs on finished textile products rising from 20% to 35%. Raw materials and components entering the country will also face higher tariffs, with rates increasing from 10% to 15%.

SECUR PROCEDURE DELTA IE

The DELTA IE (DA 25.003) / IMPORT backup procedure was published in the JO BOD NR 7557 on January 10, 2025. It includes annexed backup procedures for both standard and simplified DELTA declarations. Several backup options are available, depending on the origin of the malfunction and the associated customs office. This procedure is applicable solely to imports under DELTA IE.

CONSUMER PROTECTION AND PRODUCT SAFETY: ADOPTION OF REGULATION 2023/988

Regulation 2023/988, adopted in May 2023, will come into effect on December 13, 2024. This regulation expands the range of products covered and strengthens consumer protection against risks related to technological advancements and online trade. It imposes stricter requirements for traceability and notification of dangerous products.
This regulation replaces Directive 2001/95/EC, but products compliant with that directive and placed on the market before December 13, 2024, will not be affected by the new regulation.

BREXIT – SAFETY AND SECURITY DECLARATIONS AS OF JANUARY 31, 2025

Starting January 31, 2025, new obligations will apply to imports into Great Britain from the European Union. Businesses will be required to submit Entry Summary Declarations (ENS) for goods transported to Great Britain (England, Scotland, Wales) as well as to Northern Ireland from Great Britain or from outside the EU.

This measure, mandatory from this date, is in addition to the formalities already in place for trade between the EU and Great Britain post-Brexit. Until January 31, 2025, no Entry Summary Declaration is required for goods imported from the EU or other territories where this obligation did not exist before January 1, 2021.

Deadlines must be strictly followed depending on the mode of transport used. Declarations must be submitted via the S&S GB IT system.