

# TRADE OBSERVER

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Between regulation,  
security and innovation

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## IMPLEMENTATION OF ELO: WHAT PROFESSIONALS NEED TO KNOW

**Starting April 15, 2025, the Mandatory Logistics Envelope (ELO) will be implemented to streamline cross-Channel trade. As of September 1, 2025, ELO will become mandatory. It consolidates customs and safety-security documents into a single digital package. A unique barcode will allow drivers to prove that all required formalities have been completed at the border.**

ELO will immediately replace the current document grouping system. Each operator—carrier, freight forwarder, or exporter—must prepare in advance and identify the person responsible for creating ELOs within their organization.

This system applies to road freight traffic (FR/UK) using the smart border between the EU and the UK.



All vehicles—loaded or empty, accompanied or unaccompanied—must be linked to an ELO. However, for goods covered by an Entry Summary Declaration (ENS), using the ELO requires migration to ICS2.

While ELO simplifies border procedures on the EU side, it does not exempt operators from UK formalities. The Goods Movement Reference (GMR) will still be required to enter the United Kingdom.

### What Are the Benefits for Professionals?

- Time-saving: A single validation for all required documents.
- Flow security: Fewer errors and customs-related blockages.
- Simplification: Only one barcode to present at the boarding checkpoint.

### How to Prepare for the Transition

By September 2025, operators must:

- Create a Prodouane account and become familiar with the ELO interface.
- Appoint internal personnel responsible for creating ELOs.
- Migrate to ICS2, if applicable.
- Get trained using the official guides provided by French Customs.





## RECYCLING COUNTERFEITS: WHEN THE ILLEGAL BECOMES ECO-FRIENDLY

**Each year, millions of counterfeit products are seized by customs authorities around the world. Traditionally, these items are destroyed through incineration or landfill, a solution that harms the environment.**

**Aware of this issue, the organization React launched the React Sustains initiative to explore recycling alternatives. This approach aims to transform seized goods into usable resources, thereby reducing the ecological footprint of their disposal.**

The React Sustains project is based on manual disassembly carried out in secure facilities, such as the Demontage Werkplaats Zeeland (DWZ) in the Netherlands.

Once dismantled, the various components of counterfeit items are sorted and repurposed :

- Glass from perfume bottles is melted down to create new containers.
- Textiles are converted into felt or padding.
- Plastics from toys or electronics are used to manufacture new products.
- Printed circuit boards and metals are recycled and reintroduced into the industrial supply chain.

The initiative has expanded internationally to countries such as Spain, Turkey, and South Africa through partnerships with local businesses. In Turkey, counterfeit textiles are repurposed into weaving yarns, while in South Africa, granulated materials recovered from counterfeit goods are integrated into concrete mixtures, showcasing innovative ways to give a second life to otherwise illicit products.



If recycling counterfeits offers numerous environmental and economic benefits, several obstacles remain. Regulatory constraints vary by country, with some requiring on-site destruction, thus limiting recycling possibilities. Furthermore, the poor quality of materials used in these products can make repurposing difficult. Finally, logistical costs continue to be a major hurdle, particularly due to transport and dismantling processes.

Despite these challenges, React Sustains demonstrates that recycling counterfeit goods is a viable solution, reconciling intellectual property protection with environmental responsibility.



## COMBATING VAT FRAUD ON IMPORTS: A MAJOR CHALLENGE FOR THE EU

**Value-added tax (VAT) fraud is a persistent problem for the European Union, affecting the public finances of its Member States. In 2022, the European Commission estimated that losses due to this fraud amounted to 89 billion euros.**

Among the main sources of this fraud are simplified customs procedures, such as customs regime 42 and the Import One-Stop Shop (IOSS), which, although intended to facilitate trade, are frequently misused.

A recent report by the European Court of Auditors highlights the system's flaws and proposes necessary reforms to safeguard the EU's financial interests.

Customs regime 42 allows goods imported into one EU Member State but intended for another to be exempt from VAT. While this procedure simplifies trade, it also carries fraud risks, as it enables certain operators to avoid declaring and paying VAT in the Member State of importation.

Similarly, the IOSS, which streamlines VAT collection for low-value online sales, is often misused through practices such as under-declaring prices or the fraudulent use of VAT identification numbers.



The Court of Auditors' report points out several regulatory and technical shortcomings:

- **Inadequate controls** : Member States' customs authorities do not systematically verify importers' identities or the accuracy of declarations. Furthermore, cooperation among Member States remains weak, hindering the exchange of crucial information needed to detect fraud.
- **Inconsistent sanctions**: The enforcement of penalties varies significantly from one country to another, creating loopholes that fraudsters can exploit.
- **Lack of post-release verifications**: Although credibility checks exist, they are rarely conducted once goods have been released for free circulation, allowing them to avoid VAT undetected.

In response to these challenges, the Court of Auditors recommends several actions:

1. Strengthen the harmonization of rules among Member States to ensure uniform application of controls and sanctions.
1. Require proof of transport upon importation to prevent abuses of customs regime 42.
1. Increase cooperation between customs and tax authorities, and reinforce Eurofisc's role in combating cross-border fraud.

**In conclusion, the report calls for a thorough revision of the regulatory framework and enhanced controls to safeguard the EU's finances while facilitating trade. In light of increasing fraud risks, the EU must modernize its approach to maintain the integrity of the single market.**







## YOUR CUSTOMS MONITORING

### 2024 FRENCH CUSTOMS REPORT

In 2024, the French Customs authorities supported economic stakeholders with a variety of services: 6,339 Binding Tariff Information rulings, 108 origin-related decisions, and 849 “Made in France” certifications. In addition, nearly 2 billion euros in savings were achieved through the use of trade agreements and procedures recommended by Customs. In an optimized digital environment, 95.8% of the 218.7 million declarations were processed in under 5 minutes. Meanwhile, security at the Olympic and Paralympic Games was ensured by 5,800 agents, resulting in the seizure of nearly 31,600 doping products and 60,000 counterfeit items. Finally, Customs facilitated the handling of 15.3 million visitors and 15,000 athletes, contributing to the success of the event.

### MODERNIZING THE EU'S VAT SYSTEM

On March 11, 2025, the European Union adopted three legislative texts to modernize the VAT system, with a focus on digital transition. These reforms aim to enhance transparency, streamline VAT collection, and bolster the fight against fraud. Directive 2025/516 amends existing VAT legislation, while Regulations 2025/517 and 2025/518 specify the administrative cooperation procedures and information requirements for VAT regimes. These digital measures are expected to harmonize tax practices within the EU and improve oversight of cross-border transactions.

### SAFEGUARD MEASURES ON CERTAIN STEEL PRODUCTS

On March 25, 2025, the EU issued a regulation modifying safeguard measures for imported steel products. This regulation adjusts quotas and residual quota ceilings, specifically, access for country-specific quota holders, and ends the carry-over of unused quotas. Products originating from developing countries are specifically targeted. These measures aim to respond to changes in the global market while protecting the European steel industry.

### ICS2 / ANTES: NOTICE TO OPERATORS

On March 24, 2025, the DGDDI issued Operator Notice No. 25000064 regarding the deployment of ICS2 and ANTES starting April 1, 2025. It outlines the formalities applicable to non-EU goods imported via trucks, trains, or unaccompanied trailers transported by ship. These IT tools will facilitate import management within the EU Customs territory.





## YOUR CUSTOMS MONITORING

### REGISTRATION OF STEEL CYLINDER IMPORTS

Implementing Regulation (EU) 2025/531 of March 24, 2025, published in the Official Journal of the European Union on March 25, 2025, imposes a registration requirement for imports of high-pressure seamless steel cylinders originating in China. This regulation applies to steel cylinders of all diameters and capacities used for compressed or liquefied gases, whether threaded or not, with or without a gas bladder. The products concerned are classified under HS codes 7311 00 and 8424 10. Non-refillable cylinders with a capacity of 120 ml or less, covered by European standard EN 16509:2014 and/or assigned UN number 2037 by the United Nations Committee of Experts on the Transport of Dangerous Goods, are excluded from the product definition. Registration is scheduled to end in December 2025.

### EU/TURKEY AGREEMENT

Decision (EU) 2025/559 of March 18, 2025, published in the Official Journal of the European Union on March 24, 2025, concerns the European Union's position on adopting a decision regarding the use of electronic A.TR movement certificates. Since July 8, 2024, the customs authorities of Member States and Turkey have been accepting these electronic certificates. To ensure continuity of best practices, the Customs Cooperation Committee must adopt this decision, with retroactive effect to that date.

### DIAGONAL CUMULATION IN THE PAN-EURO-MEDITERRANEAN (PEM) AREA

Commission Communication C/2025/1725, published in the Official Journal of the European Union on March 20, 2025, addresses the application of the transitional rules of origin concerning diagonal cumulation among the contracting parties of the Pan-Euro-Mediterranean (PEM) zone. It presents, in tabular form, the possibilities for diagonal and bilateral cumulation within this area, taking into account the applicable transitional rules.

Diagonal cumulation, which concerns operations, processing, and/or materials, can only be applied if the contracting parties have concluded free trade agreements with identical rules of origin, covering all parties involved in conferring originating status on the goods.

### PARTIAL EXCISE REFUND PROCEDURES

Decree No. 2025-255 of March 19, 2025, published in the Official Journal of the French Republic (JORF), sets out the procedures for partial excise refunds on diesel and gasoline. It aims to reduce the tax burden on these fuels by establishing the conditions and procedures for refunds for eligible users. The amounts to be refunded must be declared in the VAT return and offset against the amount due.

As of January 1, 2025, the management of these excise refunds will be transferred from the General Directorate of Customs and Indirect Taxes (DGDDI) to the General Directorate of Public Finances (DGFIP).

