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GLOBAL TRADE UNDER STRAIN: THE WTO SOUNDS THE ALARM

For several years now, trade tensions among the world's major powers, especially between the United States and China, have been stoking growing uncertainty over global trade. The World Trade Organization (WTO), guardian of multilateral trade, is now sounding the alarm. What lies behind this concern ? Rising tariffs, protectionist policies, and the prospect of a commercial "decoupling" between the two largest economies. Such a shift could upend supply chains, disrupt logistics flows, and weaken the most vulnerable economies.

According to the WTO's latest projections, global merchandise trade could decline by 1.5% in volume by 2025 should current geopolitical tensions persist. Even more concerning, trade volumes between the United States and China, two of the world's largest economies, could plummet by up to 81%. This dramatic downturn highlights the growing risk of a deeply fragmented global trade landscape.

This decline is far from insignificant. It directly impacts global economic growth, hampers investment, and disproportionately affects export-driven developing countries. North America is expected to be among the hardest hit, with exports projected to fall by 12.6% in 2025.

The World Bank echoes these concerns. Its President, Ajay Banga, has warned of the impact such uncertainty poses to the global business climate. According to Banga, the instability surrounding U.S. trade policy is dampening growth, particularly in emerging markets still reeling from the effects of the pandemic. The decline in global demand for raw materials is likely to further intensify economic pressures in these regions, once again underscoring the vulnerability of export-oriented economies.

Beyond the numbers, it is a broader global dynamic that is beginning to falter. The imposition of reciprocal tariffs, the partial suspension of key trade agreements, and growing regulatory uncertainty are all disrupting corporate trade strategies.
Ngozi Okonjo-Iweala, Director-General of the WTO, warns of a looming fragmentation of the global economy "along geopolitical lines," potentially giving rise to two isolated trade blocs. In the long run, such a decoupling could shave nearly 7% off global GDP by 2040.

In light of these developments, customs authorities find themselves at the center of the action. They must support economic operators in navigating this shifting landscape, secure trade flows while safeguarding competitiveness, and anticipate potential disruptions.
For businesses, this calls for a strengthened focus on regulatory monitoring, greater diversification of supply chains, and the adoption of agile digital tools that can adapt swiftly to volatile tariff policies.

HOLLYWOOD VS. THE WORLD: THE NEW TARIFF FRONTIER IN AUDIOVISUAL MEDIA

On May 5, 2025, an unexpected shift sent shockwaves through the global film industry. Donald Trump ordered the preparation of a 100% tariff on all films and series produced abroad and imported into the United States. While the move is officially framed as a measure to protect a weakened Hollywood, its implications go far beyond symbolism. It challenges already fragile economic balances and disrupts the global audiovisual value chain.

This 100% surcharge is a direct response to the tax incentives offered by numerous countries to attract international film productions.

The United Kingdom, for instance, drew £5.6 billion in production spending in 2024, with 86% stemming from Hollywood investments. By targeting these “offshore” productions, the U.S. administration aims to incentivize the reshoring of projects to American soil.

Notably, certain franchises may receive “cultural” exemptions, Trump himself hinted at such an exception for James Bond, citing his personal admiration for actor Sean Connery. This suggests the measure could be applied selectively, even diplomatically.

Beyond the political announcement, the technical and legal framework of this surcharge remains highly ambiguous. **Which stage of production will be used to determine a film’s country of origin-shooting, post-production, or distribution?**

More critically: **how can a digital audiovisual work be taxed, especially when distributed via streaming platforms and protected under copyright law?** Industry professionals warn of a potential conflict with WTO rules, which clearly distinguish between tangible goods and cultural services. **Does an audiovisual work, delivered as a DCP or streamed online, fall within the traditional scope of customs duties?**

This legal uncertainty is fueling growing concern within the industry. In the United Kingdom, audiovisual unions fear a large-scale pullout by American studios...

These studios have invested heavily in local infrastructure to take advantage of attractive tax regimes, including credits of up to 40%. The prospect of a double burden (local taxation combined with U.S. import tariffs) may prompt a strategic reassessment of their international operations. On the U.S. side, producers are raising questions about the practicality of such a measure: how can the origin of a film be determined when its production phases are spread across multiple continents? While awaiting further clarification, some projects have already been put on hold.

For international trade professionals, this situation introduces an entirely new layer of complexity. Should the surcharge be enforced, there would be an urgent need to develop tailored mechanisms: cultural or fiscal certificates of origin, evidence of filming locations, and specific classifications for digital works. These are challenges for which current tariff schedules are ill-equipped. Operators (freight forwarders, customs brokers, legal advisors) will need to adapt their practices and rapidly update their regulatory databases, often within tight timeframes.

Finally, this unilateral measure could trigger a chain reaction. Canada and Australia, both affected by the new rules, are already considering potential trade countermeasures. The European Union, while more cautious, is closely monitoring the situation, particularly with regard to co-productions that could be indirectly impacted. If the audiovisual sector becomes a new front in geopolitical tensions, coordinated responses may follow, potentially leading to a rebalancing of existing trade agreements.

THE EU ACCELERATES ITS STRATEGIC TRANSFORMATION

In a context defined by Donald Trump's return to the U.S. presidency and mounting economic instability, the European Union is rolling out a series of concrete reforms aimed at strengthening its resilience and bolstering its economy. The European Commission's objectives remain clear: protect European industries from unfair competition, simplify the functioning of the single market for businesses across the continent, and more effectively mobilize available funding to support this strategic transformation.

The EU is set to implement a new customs framework designed to enhance trade oversight through the creation of a European Customs Agency, shared by all members of the customs union. This initiative aims to both strengthen controls and harmonize procedures across member states, enabling more effective monitoring of goods entering the European market, particularly small parcels from Asian e-commerce platforms, which often pose risks due to under-declaration, counterfeiting, or non-compliance with EU standards. The reform is intended to protect consumers while ensuring fairer competition for European businesses, especially in sectors such as textiles, toys, and electronics.

Despite being established over 30 years ago, the European Single Market remains overly complex. A patchwork of differing regulations continues to hinder the free movement of services and workers. The EU now aims to eliminate key "invisible" barriers, such as the non-recognition of certain qualifications, discrepancies in labeling requirements, and burdensome administrative procedures. The goal is to enable businesses to operate more seamlessly across Europe, as if navigating a single, unified market.

This initiative offers several advantages for businesses. Those that align with the EU's new strategic priorities will be eligible for targeted support and more favorable operating conditions.

For example, companies based in the EU that comply with the new sustainability and traceability standards could gain a competitive edge in European public procurement processes, once the criteria are finalized. However, this rule will only become broadly applicable after the adoption of the technical provisions, expected by the end of 2025. In the meantime, it applies solely to large-scale contracts (those exceeding €25 million) awarded through central purchasing bodies.

Innovative SMEs operating in digital technologies, green energy, or defense will benefit from streamlined procedures and new partnership opportunities under the “Single Market Simplification” package.

To support these reforms, the EU is reviving the Capital Markets Union. This initiative will make it easier for businesses, particularly SMEs, to access financing, including from investors in other EU countries.

In parallel, several European funds already exist or are being strengthened to support reindustrialization, critical technologies (such as semiconductors and cybersecurity), and infrastructure projects in transport and defense. In summary, these reforms signal the European Union’s determination to take greater control of its economic future by enhancing its protective measures, streamlining its internal operations, and making bold investments in key sectors to secure its sovereignty and competitiveness.

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EU PUBLIC CONSULTATION ON POTENTIAL COUNTERMEASURES

Amid ongoing trade tensions with the United States, the European Commission has launched a public consultation open until June 10, 2025. The goal is to gather feedback on a potential list of U.S. products that could be subject to countermeasures should negotiations fail to yield an agreement. The proposed targets include both industrial and agricultural goods. Additionally, the EU is considering restrictions on certain strategic exports to the U.S., such as steel scrap and chemical products. While these measures remain precautionary at this stage, they could be swiftly activated if talks break down, signaling the EU's readiness to defend its economic interests through calibrated and timely action.

UNITED STATES: TOWARD THE END OF CUMULATIVE TARIFF SURCHARGES

In response to the growing number of surcharges targeting certain imported products (such as automobiles, spare parts, steel, and aluminum) U.S. authorities are considering ending the accumulation of multiple duties on a single item. An executive order is currently being finalized to clearly define which duty will apply in cases of overlap.

This measure, expected to take effect on May 16, 2025, will be retroactively applied to goods released for consumption as of March 4, 2025. A refund process for duties improperly collected is also under consideration, which could represent a significant financial benefit for affected importers.

TIR CONVENTION: NEW AMENDMENTS NOW IN EFFECT

On May 7, 2025, several amendments were adopted under the TIR Convention, which governs international road transport using the TIR carnet. The validity of the vehicle approval certificate has been extended from 2 to 3 years. A significant flexibility has also been introduced: if a TIR transport begins before the certificate expires, the certificate remains valid until the destination customs office. In parallel, clarifications have been made regarding the guarantee chain between national associations and the international organization, with an enhanced role for the TIR Administrative Committee in the event of disputes.

UNITED KINGDOM / EU: UPDATE TO THE WINDSOR FRAMEWORK

Following Brexit, the European Union has updated the Windsor Framework to ensure the continued application of certain EU rules in Northern Ireland. This recent update strengthens the region's specific customs governance while avoiding the reintroduction of a physical border between Northern Ireland and the Republic of Ireland. The text outlines the applicable provisions concerning customs, agri-food products, VAT, excise duties, state aid, pharmaceuticals, and tariff quotas. This mechanism aims to safeguard the integrity of the EU single market while respecting the terms of the post-Brexit agreements.

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EU ADJUSTS POULTRY IMPORTS IN RESPONSE TO AVIAN INFLUENZA

The European Union has updated its import conditions for poultry and related products from Canada and the United States in response to new outbreaks of avian influenza. Certain geographic areas have been suspended from exporting to the EU, while others have been reauthorized following favorable sanitary assessments. These adjustments, published in the form of official lists, are intended to prevent the introduction of the disease into EU territory, in line with the Union's current animal health protection regulations.

UPDATE ON EU-APPROVED INSPECTION BODIES

Regulation (EU) 2021/1378, which establishes the list of recognized control bodies authorized to certify organic products imported into the Union from third countries, was amended on May 14, 2025. This update revises the entities authorized to carry out compliance checks with the EU organic standards. It aims to ensure the reliability of certifications issued outside the EU and to strengthen transparency and safety for both importers and consumers. Operators are advised to consult the updated list to ensure the validity of their import flows.

REDUCED VAT OF 5.5% FOR WORKS OF ART

Since January 1, 2025, works of art, collectors' items, and antiques may benefit from a reduced VAT rate of 5.5% in France, applicable to domestic sales, imports, and intra-EU acquisitions. In return, the margin scheme is excluded for taxable dealers who have acquired these items at the reduced rate. This reform is part of Article 83 of the 2024 Finance Act. A public consultation is open from May 14 to June 14, 2025, to gather feedback from professionals on this fiscal change.

IOSS GAINS TRACTION FOR GOODS ≤ €150

The European Union has agreed on a new approach to import VAT for low-value goods (≤€150) sold online, by strengthening the Import One-Stop Shop (IOSS) system. The aim is to simplify declarations, centralize payments in a single Member State, and combat VAT fraud. Since July 1, 2021, this system has allowed sellers and e-commerce platforms to avoid VAT registration in each country of consumption.

Under the new rules, an increasing number of suppliers are becoming liable for VAT at the point of import. As a result, the IOSS is becoming essential for efficiently managing VAT across the EU. This marks a strategic shift for all players involved in cross-border e-commerce.

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CUSTOMS & TAX DISPUTES: STREAMLINED PROCEDURES

The rules governing discretionary tax relief requests, settlements, and tax rulings are evolving. The decision threshold for the Minister of the Budget has been raised to €300,000—and to €600,000 for indirect contributions related to precious metals. Other notable relaxations include:

- End of the requirement for registered mail with acknowledgment of receipt for submissions (by taxpayers and the administration), provided proof of receipt can be demonstrated.
- Elimination of the mandatory template for tax ruling requests.
- These measures apply to requests submitted as of May 1, 2025. The previous thresholds remain in effect for applications filed before that date.

ELO: MANDATORY LOGISTICS ENVELOPE EFFECTIVE FROM APRIL 28, 2025

A new online service, ELO (Enveloppe Logistique Obligatoire), enables operators to consolidate all customs formalities by transport unit, both for imports and exports.

- Deployment: April 28, 2025, with a transition period until September 1, 2025.
- For exports (full trucks) and empty trucks (import/export): ELO is accessible via the operator's douane.gouv.fr account.
- For imports (full trucks): use of ELO is conditional upon prior transition to ICS2 for filing the Entry Summary Declaration (ENS).
- Objective: to streamline inspections, enhance traceability, and optimize customs operations in the post-Brexit context.