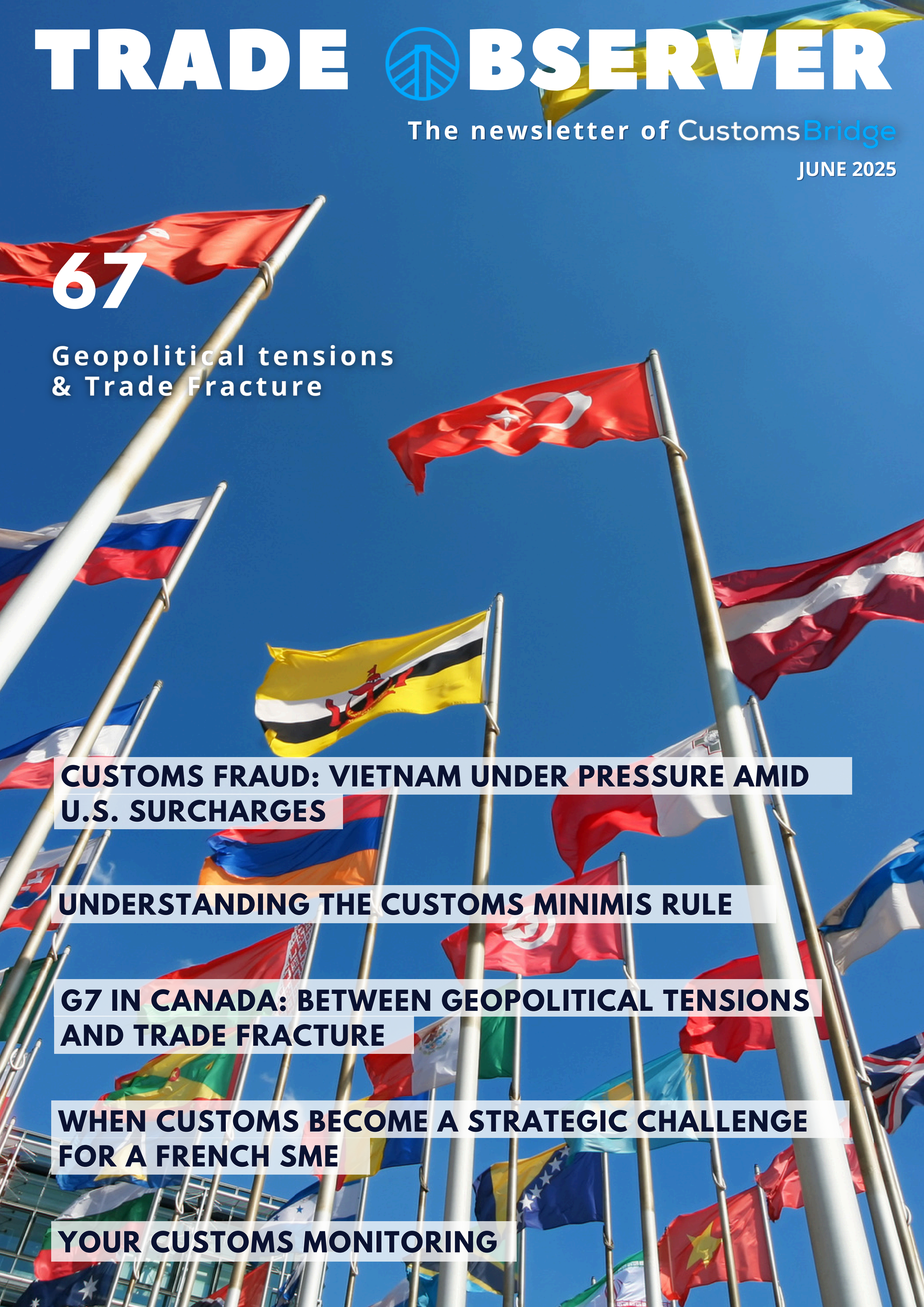

TRADE OBSERVER

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Geopolitical tensions
& Trade Fracture

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YOUR CUSTOMS MONITORING

CUSTOMS FRAUD: VIETNAM UNDER PRESSURE AMID U.S. SURCHARGES

As trade tensions between the U.S. and several Asian countries intensify, Vietnam finds itself at the center of a major customs challenge: falsifying the goods' country of origin to circumvent the surcharges imposed by Washington.

For several months, the United States has accused certain companies of exploiting trade agreements with Vietnam to channel Chinese products through that country by fraudulently assigning them a Vietnamese origin. This practice, known as fraudulent transshipment, enables them to evade the high tariffs imposed on China as part of the trade war.

In response to these allegations, Hanoi has launched a comprehensive effort to strengthen customs controls. The Vietnamese government has instructed companies to furnish clear evidence of the origin of exported goods, particularly through certificates of origin and component traceability. Port inspections have been ramped up, and customs authorities are conducting an increasing number of verification operations on shipments destined for the United States.

The prospect of steeper customs duties, potentially reaching 46% on items such as wooden furniture, electronic components, and textiles has prompted Vietnam to move swiftly to reassure its key trading partner. In recent weeks, Hanoi has ramped up diplomatic engagement with U.S. authorities, emphasizing its commitment to greater transparency and tighter trade-compliance measures.

At the same time, Vietnam's export-driven industrial sector, heavily reliant on the U.S. market, warns of serious economic fallout if sanctions are toughened. To mitigate the risk, local companies are being urged to overhaul their supply chains and to curtail imports of any components that cannot be fully authenticated or traced.

An internal document, mentioned by ZoneBourse and reported in the specialized press, also reveals that Vietnam is working on implementing a stricter certification system to prevent systematic origin fraud. It reportedly outlines enhanced monitoring of sensitive products, stricter declaration requirements for exporters, and tougher penalties in the event of violations.

By taking these measures, Vietnam is seeking to preserve its strategic position in global trade while responding to the increasing compliance demands imposed by the United States. It remains to be seen whether these efforts will be enough to ease customs tensions and keep trade relations between the two countries on a stable path.

UNDERSTANDING THE CUSTOMS MINIMIS RULE

As the United States considers tightening its trade policies, particularly in light of recent statements by Donald Trump advocating the reintroduction of stricter customs barriers, the issue of the de minimis rule is once again taking center stage. However, it is increasingly sparking debate over its impact on competition, taxation, and the potential for abuse in a context of exponential e-commerce growth.

The de minimis rule is a customs provision that exempts **low-value international shipments** from duties and taxes. Each national or regional customs authority sets a specific threshold below which imported goods are not subject to taxation or burdensome administrative procedures. This measure facilitates trade, particularly for small-scale transactions.

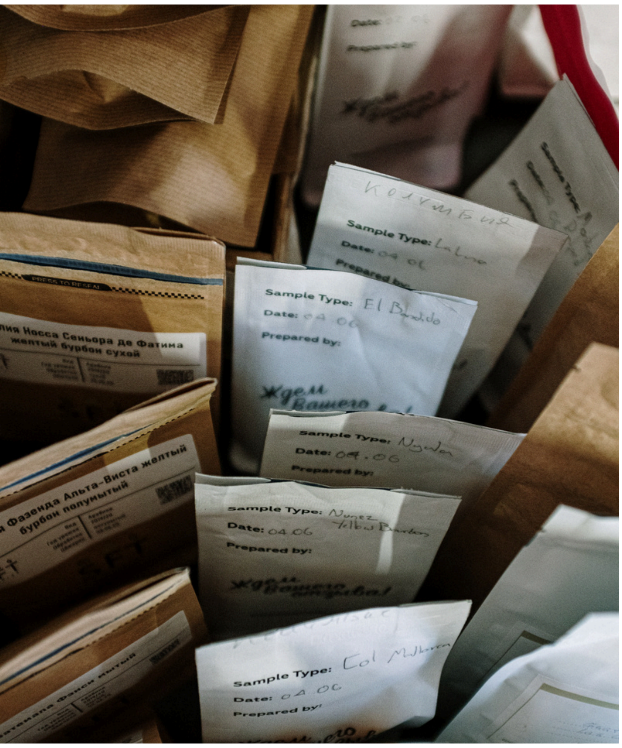
This rule primarily addresses economic and operational concerns. First, it aims to reduce administrative costs, as it is often more expensive for authorities to process tax formalities on low-value shipments than to waive the taxes altogether. Second, it helps accelerate and simplify the customs clearance process, promoting smoother international trade, especially in the context of e-commerce.

The de minimis threshold varies from country to country or region to region. In the European Union, goods are exempt from duties up to a value of €150, though exceptions apply to certain excise goods such as alcohol and tobacco. In the United States, the threshold, set by Section 321 of the Tariff Act, is $800 USD per day per person, significantly facilitating low-value cross-border trade. Canada, for its part, applies variable thresholds that typically start at $20 CAD, but can go up to $150 CAD under specific circumstances.

In practice, the implementation of this rule relies on simplified procedures specific to each territory. For example, within the European Union, the so-called "H7" declaration allows companies to carry out simplified and expedited customs clearance for eligible shipments. In the United States, the equivalent procedure is known as "Entry Type 86."

National customs authorities provide detailed guidelines to help businesses correctly apply these procedures.

Several key players are involved in the establishment and implementation of the de minimis rule. The World Customs Organization (WCO) sets international standards through the Revised Kyoto Convention. The World Trade Organization (WTO) actively promotes this practice under the Trade Facilitation Agreement. Ultimately, it is the national and regional customs authorities that define the specific thresholds and oversee the operational procedures.



However, despite its many advantages, the de minimis rule requires certain precautions to prevent abuses such as the artificial splitting of shipments or fraud through under-valuation of goods. Customs authorities must therefore maintain constant vigilance and ensure effective monitoring to mitigate these risks.

In conclusion, the de minimis rule is essential for simplifying and streamlining international trade, offering significant benefits for small and medium-sized enterprises as well as for e-commerce. However, its effectiveness depends on a clear understanding of its limitations and the rigorous management of specific procedures in each country concerned.

G7 IN CANADA: BETWEEN GEOPOLITICAL TENSIONS AND TRADE FRACTURE

Gathered since June 15, 2025, in Kananaskis, in the Canadian Rockies, the leaders of the world's seven major economic powers (Germany, Canada, the United States, France, Italy, Japan, and the United Kingdom) are striving to present a united front amid an extremely tense geopolitical climate. On the agenda of this G7 summit: military escalation in the Middle East, increased support for Ukraine, and above all, the United States' growing protectionist shift and its impact on the global trading order.

While the conflict between Israel and Iran has become the dominant topic of this G7, marked by a series of strikes and counterstrikes since June 13, discussions are aiming to avoid polarization among G7 members. While the United States is advocating for explicit support for Israel, several European voices, led by Ursula von der Leyen and Emmanuel Macron, are calling for de-escalation and a diplomatic solution. No sanctions against Tel Aviv are being considered, despite calls for a lasting ceasefire in Gaza.
In this context of regional tension, the stability of trade routes in the Middle East and the energy security of European countries could be at risk, underscoring the urgent need to safeguard strategic supply chains.

Ukrainian President Volodymyr Zelensky, invited to the summit, is striving to keep pressure on G7 members for increased military support in the face of a still-aggressive Russia. But the balance is delicate. While Donald Trump continues to move closer to Moscow, European leaders are pushing for new sanctions—particularly targeting Russian oil exports.
The future of energy trade, particularly oil and gas imports, could be profoundly reshaped depending on the outcome of these diplomatic negotiations.

Beyond military conflicts, it is in the economic arena that tensions among G7 members are most palpable.

Donald Trump, staying true to his "America First" stance, has recently imposed a minimum 10% tariff on nearly all products imported into the United States. This unilateral measure, with global reach, calls into question the very foundations of free trade among industrialized powers.

Several European leaders voiced their concerns during bilateral meetings. Ursula von der Leyen called for preserving trade that is “fair, predictable, and open” and urged to “avoid protectionism,” while Canadian Prime Minister Mark Carney is striving to forge a consensus on a common position. In reality, no final communiqué is expected at the close of the summit—a clear sign of an increasingly acknowledged rift over trade issues.

In this climate of economic retreat, the credibility of international institutions such as the WTO is at stake. The erosion of multilateralism, already evident in recent years, is accelerating under the impact of unilateral U.S. decisions and growing geopolitical fragmentation.

The G7 could have been an opportunity for a collective realignment around shared trade rules and a coordinated revival of international trade negotiations. But the rifts now appear too deep, and the global climate too uncertain, to realistically hope for a swift return to a globalized, regulated, and predictable trading system.

Amid the resurgence of protectionism, armed conflicts with heavy economic consequences, and internal disagreements over global governance, this G7 summit reflects a world in flux. For import-export professionals, the moment calls for strategic vigilance: anticipating tariff barriers, reassessing trade routes, and strengthening regulatory monitoring tools are now top priorities.

More than ever, customs is emerging as a barometer of geopolitical tensions, and a lever of economic sovereignty that must be reimagined.

WHEN CUSTOMS BECOME A STRATEGIC CHALLENGE FOR A FRENCH SME

In a sector as sensitive as satellite communications, customs compliance cannot be taken lightly. The experience of Kratos Communications, a French SME affiliated with a U.S. group, highlights the daily challenges faced by many exporting technology companies.
Specializing in the integration of satellite communication solutions for the ground segment, Kratos Communications assembles technical components sourced from multiple international suppliers. The company is experiencing strong growth, but it does not have a dedicated customs department.

“Our products are sensitive and sometimes subject to strict controls related to dual-use goods. Without an in-house expert, it became urgent for us to secure the reliability of all our customs processes,” explains a member of the logistics team.

Among the recurring challenges: determining the correct customs classifications (HS codes), verifying whether equipment falls under dual-use regulations, and keeping track of regulatory changes. “We needed a simple, fast, and reliable way to cross-check the right information, without spending hours on it.”
Document research was time-consuming, technical teams weren’t always aligned on customs criteria, and some shipments could be held up while awaiting clarification with the authorities.

To address this vulnerability, Kratos implemented a centralization and monitoring tool. The goal: to identify the correct codes more quickly, receive alerts in case of regulatory changes, and resolve internal doubts without having to systematically rely on authorities or external service providers.

The result: a significant reduction in blocked shipments, improved customs expertise within the logistics team, and a noticeable time savings in managing export documentation.

“Verifying an HS code or checking whether a product is classified as sensitive is now much more streamlined, which secures our international operations and strengthens our credibility with partners,” the company concludes.
A case study that clearly illustrates a key reality: in the absence of an internal customs department, the right tools and team awareness can enable industrial SMEs to secure their operations—and continue growing with confidence.

It is with this mindset that Kratos chose to rely on Okiduty, a solution designed to streamline and strengthen day-to-day customs management.

YOUR CUSTOMS MONITORING

NEW TARIFFS ON RUSSIAN AND BELARUSIAN AGRICULTURAL PRODUCTS AND FERTILIZERS

Regulation EU 2025/1227, published in the Official Journal of the European Union (OJ), introduces new customs duties on certain agricultural imports and fertilizers originating from Russia and Belarus, or exported from these countries. These measures will come into effect on July 1, 2025.

🔍 **Key Takeaways:**

- The affected products (listed in Annex I of the regulation) accounted for approximately 15% of Russian agricultural imports in 2023.
- For fertilizers, the new tariffs specifically target certain nitrogen-based products.
- A 3-year transitional period is planned to gradually phase in these duties on fertilizers.

This measure is part of the ongoing EU trade sanctions against Russia and Belarus.

SUSPENSION OF GSP+ TARIFF PREFERENCES

Implementing Regulation (EU) 2025/1206, published in the Official Journal of the EU on June 20, 2025, suspends GSP+ tariff preferences for ethanol imports originating from Pakistan.

📅 As of June 21, 2025, the Common External Tariff (CET) rates will apply to the following products:

- ex 2207 10: Undenatured ethyl alcohol (≥ 80% vol)
- ex 2207 20: Denatured ethyl alcohol and spirits

Exceptions: Shipments already en route to the EU as of that date may still benefit from the preferential tariff, provided their destination remains unchanged.
This suspension marks a tightening of the GSP+ regime for Pakistan, with a direct impact on ethanol importers.

EU SANCTIONS AGAINST RUSSIA: EXTENSION THROUGH JUNE 2026

The Council of the EU has adopted Decision 2025/1204, published in the Official Journal of the EU on June 17, 2025, extending until June 23, 2026, the sanctions imposed in response to Russia's illegal annexation of Crimea and Sevastopol.

🛑 **Measures Maintained:**

- Ban on imports of products originating from Crimea/Sevastopol
- Export restrictions on certain goods and technologies in the sectors of transport, telecommunications, and energy, as well as for activities related to oil, gas, and mineral resources

YOUR CUSTOMS MONITORING

CETA: PUBLICATION OF AN EVALUATION OF THE EU–CANADA AGREEMENT

On June 17, 2025, the European Commission published its ex post evaluation of the provisional application of CETA, the trade agreement between the EU and Canada that has been in force since 2017.

Key Areas Analyzed:

- Economic, social, environmental, and human rights impacts
- Assessment of the institutional functioning of the agreement
- Consideration of stakeholders' concerns

As of 2025, CETA remains a strategic tool for the EU, particularly for French companies, which see it as a concrete lever to expand into the Canadian market and strengthen their international competitiveness.

SEEDS: THE EU RECOGNIZES EQUIVALENCE FOR UKRAINE AND MOLDOVA

On June 12, 2025, the Council of the EU adopted a decision granting Ukraine and the Republic of Moldova equivalence with EU standards for field inspections and seed production.

The products concerned are:

- Ukraine: seeds of beet, sunflower, rapeseed, and soybean
- Moldova: seeds of forage plants

📅 The decision will enter into force 20 days after its publication in the Official Journal of the EU, thereby facilitating imports and strengthening the integration of these countries into the European agricultural market.

THE EORI: MANDATORY USE OF THE SIREN NUMBER

Since June 11, 2025, the use of an EORI number based on the SIREN (format: FR followed by the 9 digits of the SIREN) has become mandatory for all new applications submitted through the European platforms TP-CDS and EBTI-STP.

📌 Any application using an EORI based on a SIRET will now be rejected by the relevant services. This change aims to harmonize the identification of economic operators at the European level and to secure customs processing within EU systems.