

TRADE OBSERVER

Le bulletin d'information de Customs **Bridge**

FEBRUARY 2026

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YOUR CUSTOMS MONITORING

TARIFFS: THE SUPREME COURT SETS LIMITS ON U.S. PRESIDENTIAL POWER

On February 20, the U.S. Supreme Court issued a landmark ruling in the field of trade policy. By a six-to-three majority, the justices invalidated a large portion of the tariffs introduced by the Trump administration in 2025. At issue was the use of a legal basis deemed inappropriate for imposing taxes on imports. While the decision does not put an end to trade tensions, it reshapes the scope of executive power in the United States.

To introduce so-called “reciprocal” tariffs in 2025 – with rates reaching up to 15% on a broad range of imports – the U.S. administration relied on the International Emergency Economic Powers Act (IEEPA). This statute allows the President to take economic measures in the event of an international emergency.

However, the Supreme Court held that the IEEPA could not serve as a legal basis for creating new taxes. According to the majority opinion, the authority to levy taxes and duties lies with Congress. By invoking the IEEPA to impose generalized tariffs, the executive branch exceeded the constitutional limits of its powers.



As a result, the legal foundation of the sweeping tariffs introduced in spring 2025 has been invalidated.

It is important to note, however, that not all tariffs are affected by this ruling. Duties based on other statutory frameworks — particularly those justified on national security grounds (such as tariffs on steel, aluminum, or certain vehicles) — remain intact. The same applies to anti-dumping and countervailing duties, which rely on specific procedural mechanisms.

By contrast, the generalized tariffs adopted under the justification of international economic emergency are now legally vulnerable.



The financial stakes are significant: more than \$130 billion is estimated to have been collected in 2025 under these measures. The Supreme Court did not directly address the issue of potential refunds. This matter has been referred to specialized courts, suggesting that lengthy and complex litigation may follow.

The ruling does not signal an abandonment of tariff strategy. In the days following the decision, the U.S. administration invoked another legal basis: Section 122 of the Trade Act of 1974.

This provision allows the temporary imposition of tariffs in the event of balance-of-payments difficulties. On this basis, a global 10% tariff was introduced, with an announced increase to 15%. The maximum duration provided for under this mechanism is 150 days, renewable with congressional approval.

This approach differs from the one based on the IEEPA: it is time-limited and relies on a distinct economic justification. Nevertheless, it demonstrates a clear intention to maintain an active tariff lever.

Beyond its immediate economic impact, the Supreme Court's decision serves as an institutional reminder. It underscores that even in trade matters, the executive branch must operate within the limits established by Congress.

U.S. trade policy therefore remains marked by tensions, but now within a redefined legal framework. The instruments remain available, yet their use is subject to stricter constitutional scrutiny.

This sequence highlights that debates over tariffs are not confined to economic considerations. They also concern the constitutional balance of powers. And it is precisely on that ground that the Supreme Court chose to rule.



SMALL PARCEL TAX: WHAT CHANGES STARTING MARCH 2026

Starting March 1, 2026, France will introduce a new tax on small parcels imported from third countries, as provided for in the 2026 Finance Act. The measure aims to regulate and tax a segment of cross-border trade that has so far largely benefited from duty exemptions on low-value goods.

A €2 Levy Per Item

The tax will apply to each individual item contained in a parcel valued below €150 and shipped from outside the European Union. In practical terms, a parcel containing multiple items may be subject to multiple €2 charges – one for each imported item.

The liable party will be the import declarant, i.e., the entity responsible for filing the import VAT declaration (H7 dataset), regardless of the type of transaction (B2B, B2C, or C2C).

The measure will apply to imports into mainland France, as well as to the overseas departments of Martinique, Guadeloupe, and Réunion. Certain exceptions remain, including consignments benefiting from VAT relief and specific exchanges between territories governed by Article 73 of the French Constitution.

The introduction of this tax comes amid very rapid growth in small parcel imports, particularly through e-commerce platforms – with 91% of such parcels reportedly originating from China. According to European authorities, this type of shipment has increased sharply in recent years, with billions of small parcels entering the EU market.

The French government has chosen to anticipate a broader reform at EU level. The €2 per-item national levy is intended to finance the customs processing costs associated with these shipments and to address concerns regarding competition and the commercial practices of certain non-EU operators.

A Step Toward European Harmonisation

This national measure precedes the entry into force of a similar mechanism at the European Union level.

From July 1, 2026, a flat-rate duty of €3 per category of item will apply to small parcels imported into the EU. As the French €2 per-item tax is presented as a transitional measure, it is not expected, in principle, to be added to the future EU levy.

The key challenge will be to prevent a single shipment from being subject to both €2 under the national scheme and €3 under the European mechanism. Implementing regulations will need to clearly specify how the transition between the two systems will be organised.

To be continued...



CUSTOMS REVIEW 2025: A YEAR UNDER PRESSURE

The 2025 review confirms what many international trade stakeholders are already experiencing: customs authorities are more than ever at the heart of economic balance. The explosion of small parcels, mounting trade tensions, record drug seizures, and intensified anti-money laundering efforts all reflect a clear shift in scale.

The “Small Parcels” Effect: A structural phenomenon

E-commerce continues to fundamentally reshape trade flows. In 2025, 220.90 million H7 simplified import declarations were recorded, covering 826 million imported items with a total value of €5.58 billion.

97% of these items arrived via Paris Charles de Gaulle Airport (Roissy-CDG), and 89% of the declared value originated from China.

Behind these volumes lies a clear trend: the average declared value is declining, with half of imported items priced below €3.50. Shipments valued under €150 now account for the vast majority of flows.



Controls carried out in 2025 revealed VAT fraud schemes, notably involving the misuse of IOSS numbers. In response to this large-scale phenomenon, public authorities announced the introduction of a €3 flat-rate tax per item in France and the removal, at EU level, of the €150 duty exemption as of July 1, 2026.

This is no longer a cyclical issue – it has become structural.



United States: French Companies Exposed

In April 2025, the United States introduced new tariff measures, including a 15% minimum rate applicable to a broad range of European imports, along with additional duties on specific products. Nearly 2,000 French companies are exposed to the U.S. market for at least 10% of their turnover. Trade between France and the United States amounted to €100 billion in 2024.

In this context, French customs authorities strengthened their support measures: daily information updates, mobilisation of Authorized Economic Operator (AEO) units, dedicated assistance to large corporations, and close monitoring of the most affected sectors.

Drug Seizures at Historic Levels

The enforcement dimension of the 2025 review is marked by exceptionally high volumes.

On French territory, 108.81 tonnes of narcotics were seized, including 31.26 tonnes of cocaine (+49%). Abroad, cocaine seizures reached 64.17 tonnes (+112%). The total financial value of seizures amounted to €2.197 billion.



Trafficking networks are becoming increasingly sophisticated: routes are shifting, pressure is intensifying on certain territories, and vectors are diversifying (maritime, air, and express freight). Customs authorities account for between 60% and 75% of all national drug seizures annually.

Synthetic drugs are also on the rise, with 5.79 tonnes seized, including a sharp increase in ketamine in 2025.

Financial Crime: Targeting the Money Flows

The fight against money laundering remains a key priority. In 2025, €534.85 million in criminal assets were seized or proposed for seizure by the National Customs Judicial Service (ONAF), bringing the two-year total to over €1 billion.

A total of 825 customs-related money laundering cases were recorded. Illicit flows now combine cash, precious metals, and crypto-assets, reflecting the growing professionalisation of criminal financial circuits.



An Administration at the Crossroads of Security and Trade

Beyond enforcement, customs remain a major economic actor: €37.92 billion in revenue was collected in 2025, the average goods clearance time stood at 1 minute and 45 seconds, and operator satisfaction reached 89.14%.

The 2025 review thus portrays a customs administration with a dual role: facilitator of trade and bulwark against trafficking.