

CCRM ISSUE 30

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CCRM ISSUE 30 ONLINE

CUSTOMS COMPLIANCE & RISK MANAGEMENT

JOURNAL FOR PRACTITIONERS IN EUROPE

Some of the topics

EU, UK, UA customs and trade news

On the benefits of AI for society and a use case in customs

Implications of the latest Harley-Davidson ruling

Should the UK rejoin PEM?

Trusted traders: new trends and developments

Criterion of financial solvency for the reduction of a guarantee

Confiscation of third-party goods in case of unintentional infringement

Pursuing a bad trade decision by a customs officer in the United States

The Israeli 'passing-on' condition when claiming a duty refund

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- On the benefits of AI for society and a use case in customs



Editorial

Dear Reader,

All eyes are on the US, and it's all about new regulation (tariffs) and deregulation (E. Musk and DOGE). We invite you to follow updates on US tariffs in our customs and trade news, while deregulation, a topic I would nominate as the theme of 2025, deserves special attention. This is particularly relevant for the EU, especially considering the words Ericsson's CEO said in Davos (World Economic Forum). He remarked that the focus on regulation is driving Europe into irrelevance. He believes it is on its way to becoming a museum: great food, great architecture, great scenery and great wine, but no more industry.

The United Kingdom is facing similar challenges. As The Economist highlights in its article series 'The Revolt Against Regulation': *"In 2010, Britain set up an Office of Tax Simplification, which stood by helplessly as the tax code expanded. In 2023, the government abolished not all its byzantine tax rules, but the OTS."*

How can we address the proliferation of rules? We believe that the most pragmatic approach is to pursue technological solutions, foster innovation, and, most crucially, ensure action and implementation. Regarding implementation, in addition to the sheer increase in regulations, we should also acknowledge the widening gap between regulation and its practical execution as a significant problem.

Someone once said that the flood of e-commerce is so overwhelming (for customs) that every small innovation matters. The same applies to regulation. We should begin with small but swift steps, such as the structural reform plans introduced by Javier Milei, the President of Argentina, who claims to have already taken 800 steps to cut red tape. Furthermore, we should not wait for the EU or other governments to act; anyone can take the initiative, including companies, authorities and policymakers, as demonstrated in our article "On the benefits of AI for society and a use case in customs".

We invite you to explore the articles in this issue, particularly from the perspective of reducing red tape. Has the recent CJEU judgment in the Harley-Davidson case helped facilitate the application of non-preferential origin rules? Should the UK join the PEM Convention to simplify bureaucracy in international trade? And what about US laws with extraterritorial effect? These are just a few questions to consider while reading this issue, leading one to wonder whether the 'rule of law' has been lost somewhere in the corridors of bureaucracy, where regulations continue to multiply unchecked. (For context, US federal regulations now exceed 180,000 pages, up from 20,000 in the early 1960s; in the past five years alone, the European Parliament has passed more than twice as many laws as the US.)

Ultimately, behind every rule and every technology, there is human intent. Our focus should be on enhancing human intelligence to create better regulations, ensure high-quality implementation and address the many challenges ahead. We hope that the CCRM contributes to the growing professionalism in customs.

Enjoy your reading!

Enrika Naujoke
Member of the Editorial Board

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NEWS UPDATE

EU customs and trade news: January 2025

Overview of customs-related legal acts, case law, notices published in the Official Journal of the EU (OJ); information published by the Court of Justice of the EU (CJEU), European Commission, Customs of some EU member states and EU trading partners, World Customs Organization (WCO) and World Trade Organization (WTO).

WEEK 5 (27 JAN - 2 FEB)

News in brief: the US launches a trade war by imposing tariffs on Mexican, Canadian and Chinese goods, and Canada announces tariffs of 25% on US goods; EU plans to impose additional tariffs on agricultural products and fertilisers from Russia and Belarus; imports of screws without heads subject to registration; amendments to the anti-dumping exemptions for certain bicycle parts; changes to tariff quotas following the EU-Chile ITA; amendment of the Convention on a common transit procedure; Georgia accedes to two Conventions; amendments to the Explanatory notes to the Combined Nomenclature; CJEU on classification of a four-wheel vehicle with an electric motor, which has one seat; and more updates!

International conventions

Amendment of the Convention on a common transit procedure

30.1.2025 [2025/137 Decision No 1/2024](#) of the EU-CTC Joint Committee of 18 October 2024 as regards the amendment of Appendices I and IIIa to the Convention of 20 May 1987 on a common transit procedure.

27.1.2025 [2025/174 Decision No 3/2024](#) of the EU-CTC Joint Committee of 5 November 2024 as regards the amendment of Appendices III and IIIa to the Convention on a common transit procedure concerning the accession

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NEWS UPDATE

EU customs and trade news: December 2024

Overview of customs-related legal acts, case law, notices published in the Official Journal of the EU (OJ); information published by the Court of Justice of the EU (CJEU), European Commission, Customs of some EU member states and EU trading partners, World Customs Organization (WCO) and World Trade Organization (WTO).

WEEK 51-52 (16-29 DEC)

News in brief: 15th package of restrictive measures against Russia and Belarus; Interim Agreement on trade between the EU and Chile; Georgia to join the Common Transit Convention; preparation for the entry into force of the Revised PEM Convention on 1 January 2025; CBAM upcoming changes at the beginning of 2025; EUDR application postponed by 12 months; new EU rules on sustainable packaging; CJEU on the interpretation of the Article 15 and Article 42(1) and (2) of the UCC; classification of facial wipes packaged for retail sale, unfilled seating bag (so-called beanbag) and hard metal sticks made of cermets; suspension of the Common Customs Tariff duties on certain products; amendments to autonomous tariff quotas; review of steel safeguard to protect EU steel industry; safeguard investigation into imports of alloys; anti-dumping duty on seamless pipes and tubes; definitive anti-dumping duty on optical fibre cables; and more news!

Sanctions against Russia and Belarus

15th package of restrictive measures

16.12.2024 [European Council press release](#) "Russia's war of aggression against Ukraine: EU adopts 15th package of restrictive measures". These measures are designed to address the circumvention of EU sanctions through targeting of Putin's shadow fleet and weaken Russia's military and industrial complex. See also Commission press release ["EU adopts 15th sanctions package against Russia for its continued illegal war against Ukraine"](#). The measures have

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Pexels

NEWS UPDATE

UK customs and trade news: January 2025

News in brief: tariff notices; preparation for upcoming changes under the Windsor Framework; trade remedies notices; end of the Modernising Authorisations project; Russian sanctions evasion; safety and security declaration requirements for importing goods from the EU; first Customs Technical Handbooks have been published.

FIRST TARIFF NOTICE OF 2025

On 7 January 2025, HMRC published a tariff notice for Superabsorbent Polymer. The tariff notice clarifies the classification for Superabsorbent Polymer (SAP) relating to Disposable absorbent training pads for dogs and Panties for incontinence pads. Find out more [here](#).

RESOURCES TO PREPARE FOR FURTHER WINDSOR FRAMEWORK CHANGES

HMRC published a new collection of guidance to help traders prepare for further Windsor Framework changes that businesses should be ready for by 31 March 2025. This includes the new parcel movements scheme. Find out more [here](#).

Guidance was published on Simplified Process for Internal Market Movements (SPIMM) and UK Carrier (UKC) Scheme: Customs Simplified Procedures Guidance in preparation for the changes at the end of March 2025. Find out more [here](#).

In preparation for the changes, information was made available on how to manage information about goods commonly moved from Great Britain to Northern Ireland to help use the simplified processes for Internal Market Movements. A Trader Goods Profile is automatically created when traders register for the UK Internal Market Scheme. Find out more [here](#).

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NEWS UPDATE

UK customs and trade news: December 2024

News in brief: UK joins CPTPP; the General Product Safety Regulation and impact on Northern Ireland; Geographical indications for 39 British food and drink products in Japan; UK Tariff 2025; countries eligible for approved exporter status; the Customs (Tariff and Miscellaneous Amendments) No. 3 and No. 4; preparations for the end of the safety and security declarations waiver; notice to exporters 2024/30; Belarus sanctions; trade remedies notices and tariff notices.

UK JOINS CPTPP

On 15 December 2024, the Protocol on the Accession of the United Kingdom of Great Britain and Northern Ireland to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership entered into force for the UK and Japan, Singapore, Chile, New Zealand, Vietnam, Peru, Malaysia, and Brunei, and 24 December for Australia.

UK traders can now trade with these countries under CPTPP. UK traders are not able to trade with Canada and Mexico under CPTPP as these countries have not yet ratified the UK's accession. The HMRC guidance collection is available [here](#).

Additional and country-specific guidance is available from the Department for Business and Trade (DBT). This guidance can be found [here](#). DBT's guidance includes a page for rules of origin for all CPTPP parties that currently ratified the UK's accession. For example, guidance on CPTPP rules of origin for Vietnam can be found [here](#). Further guidance has been published for SMEs ([here](#)).

GENERAL PRODUCT SAFETY REGULATION AND IMPACT ON NORTHERN IRELAND

On 13 December the EU implemented the [General Product Safety Regulation](#). The regulation applies to UK imports into the EU and also applies to Northern Ireland. The regulation will affect new, used, repaired, or reconditioned products that are placed or made available on the EU market. This applies to products sold via all channels. The regulation places responsibilities on different economic operators involved in the manufacture and import of products

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AI generated

NEWS UPDATE

Ukraine customs and trade news: December 2024/January 2025

News at a glance: revised PEM Convention entered into force; lists of goods subject to licensing and quotas approved for 2025; rules for importing goods subject to official controls updated; state control of non-food products resumed; Import duty exemptions for defence-related goods; gradual annual increases in excise duties on fuels; priority border crossing for AEOs.

ORIGIN

Ukraine joined the revised PEM Convention

On 1 January 2025, [Ukraine acceded](#) to the revised Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin (PEM Convention). The respective [law](#) on ratification of Decision No 1/2023 of the Joint Committee of the PEM Convention on amendments to the Convention entered into force.

At the same time, Decision No 2/2024 of the Joint Committee of the PEM Convention on the implementation of transitional provisions has not been ratified. Therefore, there will be no parallel application of "old" and "new" rules. Only "new" rules are applied.

The revised PEM Convention is expected to bring benefits and simplifications for potential exporters of Ukraine-origin goods compared to the initial version. In particular, the advantages relate to the criteria (conditions) for obtaining the originating status of goods, simplification of the proof of their preferential origin, extension of the validity of preferential documents from four to ten months, simplification of the mechanism for granting the status of authorised exporter, the possibility of splitting consignments in the transit country, etc. However, the cumulation is now only possible with those members of PEM that are applying the new rules.

NON-TARIFF MEASURES

List of goods subject to licenses and quotas approved for 2025

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[About the author](#)

CASE LAW

Implications of the latest Harley-Davidson ruling

It is no secret that non-preferential origin can be more difficult to determine than preferential origin. The importance of non-preferential origin, in the age of new trade wars and border-applied sustainability policies is increasing. For that reason, the recent judgement by the Court of Justice of the European Union (CJEU) in the Harley-Davidson Europe and Neovia Logistics Services International v. Commission case is particularly interesting.

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Dr Ilona Mishchenko

Associate Professor of the Maritime and Customs Law Department, National University "Odesa Law Academy", Ukraine

[About the author](#)

CASE LAW

Confiscation of third-party goods in case of unintentional customs infringement: CJEU interpretation

Nobody likes to be penalised - whether you are an importer, a customs broker, or just a driver taking goods across the border. The penalty is a negative consequence for any person who has committed the offence. It is clear when a person deliberately does something illegal to benefit from it. But what about those who do not intend to break the law but do so inadvertently? Do the negative consequences only affect the person who directly committed the offence? This article seeks to answer these and other questions about the penalties for customs offences in the EU.

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TOPIC SPOTLIGHT

Trusted traders (e.g. AEO): new trends and developments in the EU

The [25th Authors' Meeting](#) brought together customs experts from different countries to discuss challenges and trends in Authorised Economic Operator (AEO) and equivalent programmes. This article presents the main findings of the meeting participants, covering both general and country-specific insights on the topic, with a focus on the EU context.

EDITORIAL NOTE

This overview of the recent Authors' Meeting has a slightly revised format to accommodate the wealth of contributions and insights shared by participants from both EU and non-EU countries. To ensure clarity and focus, we have divided it into two separate articles. This article focuses on the EU context and addresses issues that are of significant concern to most EU practitioners.

First and foremost is the EU customs reform, particularly the proposed improvements to the AEO programme. The speakers offered measured commentary, acknowledging that while the proposals are promising, they also present notable challenges that require further development. Accordingly, the first part of this article examines the complexities and obstacles associated with the customs reform in the introduction of the Check & Trust Trader (T&C) concept.

The second part provides an in-depth review of the current AEO framework, highlighting particular challenges common to all EU Member States.

Finally, the article concludes with a closer examination of issues specific to individual Member States, focusing on Bulgaria, Germany and Lithuania.

TRUST & CHECK TRADERS AND AUTHORISED ECONOMIC OPERATORS IN THE LIGHT OF EU CUSTOMS REFORM

TRANSITION FROM AEO TO T&C AND ITS CHALLENGES

[Read continuation on CustomsClear](#)



Michael Lux

Attorney at Michael Lux BV, former Head of Unit 'Customs Legislation' at EU Commission, Belgium

[About the author](#)

TOPIC SPOTLIGHT

Criterion of financial solvency for the reduction or waiver of a comprehensive guarantee

This article deals with legal changes in relation to the criterion of financial solvency that were introduced in 2018 but have not yet been noticed by many traders and taken into account by some customs authorities. These changes allow for a more flexible approach to the assessment of economic operators' financial solvency when authorisations for a reduction or waiver of a comprehensive guarantee are requested or to be maintained.

We can start with a concrete case in which, on the basis of the more flexible rules that we will describe, a guarantee waiver could be maintained after an initial request by customs to provide a comprehensive guarantee at 30% of the

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Customs Knowledge Institute



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UPDATE

CUSTOMS AND TRADE COMPLIANCE EU LAW NEWS OVERVIEW

4 March | 15:00–16:00 CET
Price: 49 Eur (VAT excluded).
Free for: Course participants, Individual/Team plan members.



Anthony Buckley



Enrika Naujokė

More information: www.offers.customsclearance.net/event/eu-customs-law-news-overview-february-2025/



Guillaume Gerout

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TOPIC SPOTLIGHT

From textiles to motor vehicles: a sectoral study of rules of origin complexity

In their recent report, the World Customs Organization (WCO) proposed a new methodology for classifying and comparing product-specific rules of origin between agreements. This new conceptual tool: the "drafting complexity index" (DCI) was used to provide insights into rules for automotive and textile sectors.

INTRODUCTION

Rules of origin are essential for international trade agreements. They establish which goods qualify for preferential treatment.

Typically, trade agreements include extensive lists of product-specific rules (PSRs) that outline particular requirements for different baskets of products. However, reading these lists can be challenging for users.

With this in mind, the WCO, through the EU-WCO Rules of Origin Africa Programme, sought to explore the complexity

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Non-preferential origin and sustainability: the real rules of origin challenge

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More information: www.customsclearance.net/en/courses/non-preferential-origin-and-sustainability-the-real-rules-of-origin-challenge



Eglė Pučkuvienė

Tariff classification specialist, Lithuania

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TOPIC SPOTLIGHT


What is new in the Combined Nomenclature 2025?


Editor's note (by Enrika Naujoke). Want to have fun? Try explaining different aspects of classification of goods to programmers who are to integrate it into software. For example, the latest update regarding tomatoes with “greatest diameter of less than 47 mm”. Yes, the tariff depends on classification based on “greatest of less” wording! Let us know how you get on. We hope that reading the Combined Nomenclature updates from the perspective of this exercise will be interesting and engaging.

BACKGROUND

The Combined Nomenclature (CN) laid down in Council Regulation (EEC) No 2658/87 is updated annually to take account of statistical requirements, trade policy and technological and commercial developments. The version of the CN applicable from 2025 was published in the Official Journal at the end of October [1]. It consists of 9778 CN codes. We provide an overview of the most important changes in the CN version 2025, which are actually not very numerous: 49 new CN codes have been introduced and 34 CN codes have been deleted.

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Trade wars: US tariffs

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[About the author](#)

TOPIC SPOTLIGHT

Don't let this happen to you! US export control law and re-export from the EU


The American export control authority, the Bureau of Industry and Security (BIS), has published an updated version of "Don't let this happen to you!" - an introduction to the consequences of violating US export control law ([BIS brochure](#)). As a European company, you may wonder why this should concern you. This is due to the unique nature of US export control laws, which apply extraterritorially. In this overview, we provide a brief summary of some important aspects and practical examples of infringements.

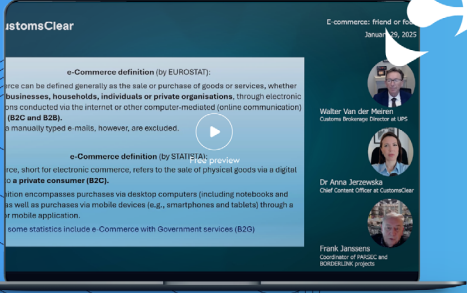
A BRIEF LOOK AT SOME IMPORTANT ASPECTS

Whenever you deal with US products, US technology, or software, or incorporate them into your products (with certain value thresholds), you are subject to US (re)export control laws. Even as a US person or company outside the US, you must comply with these laws. You are also subject to US law if you are a non-US person in the US, which can be quite challenging during business trips.

Back to the BIS brochure, while browsing through it, you will notice several procedures related to research conducted at universities. This can pose a problem particularly for start-up companies that emerge from university research.

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E-commerce: friend or foe?

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Christelle Dubouchet

Global Senior Legal Counsel, SITA, France

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TOPIC SPOTLIGHT

The evolving nature of European efforts to control third countries' support for Russia's military-industrial base

The use of sanctions and export controls as a strategic tool to ensure global security has gained prominence in the face of geopolitical shifts. Recent developments highlight the European Union's (EU) efforts to tighten restrictions on dual-use goods and advanced technology items through its anti-circumvention legal tools. This was particularly in response to China's and other third countries' alleged support for Russia's military-industrial base. This article outlines the key focus areas in the EU's evolving export controls and other measures in light of the 15th sanctions package adopted in December 2024.

THE INCREASE OF LISTED THIRD-COUNTRY ENTITIES UNDER ANNEX IV TO COUNCIL REGULATION (EU) 833/2014

The EU's 15th sanctions package [adopted in December 2024](#) expanded, inter alia, Annex IV to Council [Regulation \(EU\) 833/2014](#), and, for the first time added six Chinese entities (i.e. Two Hong Kong Entities and four Mainland Chinese entities) to Annex I to Regulation (EU) 269/2014. These are now subject to asset freeze due to their relation

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Safety and security declarations: what's changing in 2025?

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COUNTRY UPDATE

Should the UK rejoin PEM?

INTRODUCTION

Whenever the topic of the Trade and Cooperation Agreement (TCA) review comes up, the Pan-European Mediterranean (PEM) origin cumulation zone is one of the topics mentioned as potentially in scope. Recently, several reports and organizations have included rejoining PEM as one of the recommendations for the new Government (1). Rejoining PEM is indeed one of the steps that could improve market access for products from all industries that could be done within the current format of the TCA. It could also be done without changing the essential character of the relationships, i.e. one based on a simple and fairly basic trade agreement.

Rejoining PEM would allow cumulation of origin with a number of third countries in the region, including the EU. This could help UK businesses to (re)integrate themselves into European and regional supply chains.

But if that is the case why is this topic not gaining more momentum? One reason is that this is a fairly technical area and one where quantifying potential benefits for the UK is particularly tricky. It's also because, just like with other suggestions (e.g. veterinary agreement) there are trade-offs and costs. It is not a simple decision and one that requires an in-depth analysis. It's also not just about the electric vehicles (EV) industry, although it is an important point to consider.

This article aims to shed light on some of these complexities and present an overview of the pros and cons of rejoining the PEM Convention. It does not aim to provide a clear yes/no answer but rather to discuss trade-offs and considerations that would need to be taken into account by the new UK Government. It concludes with recommendations.

WHAT IS PEM?

The Pan-European-Mediterranean Zone was implemented in 2005. The idea was to create a cumulation zone between Europe and its neighbours and to encourage intra-regional integration by promoting trade and cooperation. The PEM Convention allows for the cumulation of origin between different countries within the zone. Cumulation of origin is one of the ways to allow for greater flexibility when it comes to using raw and semi-manufactured materials in the production process. It allows a member of the cumulation zone to use originating products from other members. While in the EU, the UK was a party.

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Omer Wagner

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[About the author](#)

COUNTRY UPDATE

A wild goose chase: on the Israeli 'passing-on' condition when claiming a duty refund


Overpayment of customs duties or other import duties can be a major burden for importers. There can be various reasons for overpayments, e.g. disputes over classification, valuation, origin, etc. Reclaiming these duties from customs authority can be a lengthy and expensive process. The outcome is, of course, unpredictable. In Israel, there is an additional obstacle between the importer and the refund, the so-called 'passing-on' condition. This is not unique to Israel, but does not exist in the EU.

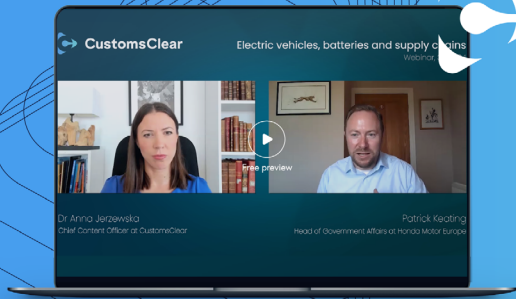
THE 'PASSING-ON' DEFENSE

According to the Israeli law on the refund of overpaid customs duties, excise duties and other import charges [1], the importer, having succeeded with their main claim (classification, valuation, origin, etc.), must also prove to the court one of the following:

1. the goods in question have not been sold; or
2. if the goods have been sold, the disputed tax has not been 'passed-on' to the buyer.

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Electric vehicles, batteries and supply chains

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PERSPECTIVE


The long and winding road: pursuing a bad trade decision by a customs officer in the United States

In the US, the law allows an importer to contest adverse decisions on their customs entries for a number of reasons including differences in appraised value, classification and rate of duty, exclusion from entry and refusal to pay a drawback claim. Anyone who either advises importers or directly pursues what they believe have been incorrect trade decisions made by U.S. Customs and Protection (CBP) knows that the processes can not only be frustrating but also prohibitively expensive.

Anyone who either advises importers or directly pursues what they believe have been incorrect trade decisions made by U.S. Customs and Protection (CBP) knows that the processes can not only be frustrating but also prohibitively expensive. As the complexity of the issue increases the cost of challenging the erroneous decision increases as well. Accordingly, even if the importer/consignee strongly believes that a customs determination is incorrect, a company must perform a cost-benefit analysis to decide if a challenge is economically feasible. Over the past several decades the U.S. Court of International Trade (CIT) rulings have exhibited a presumption of correctness on the part of the

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Navigating the impact of potential US tariffs on the UK: the latest

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More information: www.customsclearance.net/en/courses/navigating-the-impact-of-potential-US-tariffs-on-the-UK-the-latest



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[About the author](#)

OVERVIEWS AND COMMENTS


On the benefits of AI for society and a use case in customs


"Happy New Year!" I started a conversation with an AI assistant on the Customs website. "Happy New Year! If you have any questions about customs rules or procedures, I will be happy to help" it replied. On the last day of 2024, Lithuanian Customs in cooperation with CustomsClear, deployed the AI assistant solution for public use. It is now available to visitors of the Lithuanian Customs website at www.lrmuitine.lt. So far, it covers one topic relevant to the festive period: e-commerce. The number of topics will increase in the future.

The AI assistant works 24/7, provides consistent answers, never forgets or mixes up information, and its knowledge continuously grows and improves. Tools based on AI technology are gradually becoming indispensable human assistants. They are especially handy at a time when we drown in information, worry about the lack of human resources to process it, and complain about the need for greater productivity and efficiency.

AI: THE BENEFITS

[Read continuation on CustomsClear](#)





Video

8 min.

AI & Customs Series. Episode 1: conversational AI assistant Matas

[Learn more](#)

More information: www.customsclearance.net/en/courses/ai-customs-series-episode-1-conversational-ai-assistant-matas



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1. Business understanding of customs
2. Supply chain operations
3. Customs legislation and regulation
4. Customs representation

Tariff and non-tariff measures


5. Non-tariff regulation
6. VAT related to export and import
7. Excise related to export and import
8. Customs duty, debt and its payment
9. Tariff classification of goods
10. Value
11. Origin

Customs procedures

12. Customs declaration
13. Goods brought into the Union customs territory
14. Release for free circulation
15. Special procedures
16. Transit
17. Goods taken out of the Union customs territory

Compliance

18. Customs decisions and authorisations
19. Export control and sanctions
20. Risk management
21. Customs IT systems

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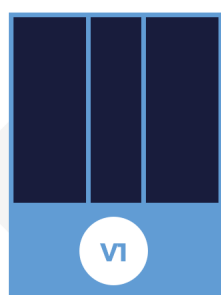
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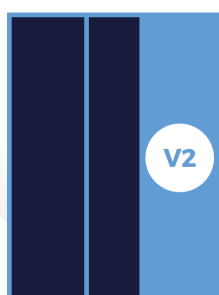
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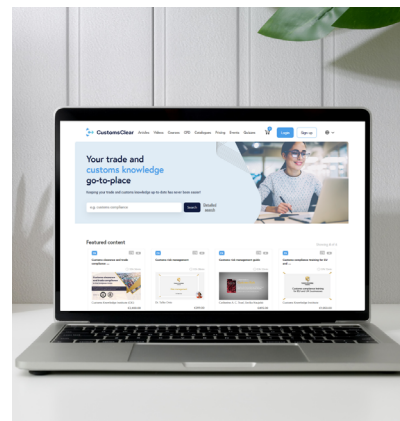
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