



## Customs & Trade

### I. FOCUS

#### AFRICA: HARMONIZING THE CLASSIFICATION OF GOODS BASED ON WCO STANDARDS TO ENHANCE AFRICAN TRADE

The European Union (EU) is definitely focused on a new "Africa-Europe Alliance" to deepen economic relations for Sustainable Investment and jobs.

In its [State of the Union Speech of September 12, 2018](#), the President of the European Commission, Jean-Claude Juncker, presented a series of key actions showing EU's commitment to reinforce the Africa-EU Partnership. Developing the full potential of economic integration and trade with African countries was one of those actions: "The long-term perspective is to create a comprehensive continent-to-continent free trade agreement between the EU and Africa. To prepare this, Economic Partnership Agreements, Free Trade Agreements including the Deep and Comprehensive Free Trade Areas on offer to the countries of North Africa, and other trade regimes with the EU should be exploited to the greatest extent, as building blocks to the benefit of the African Continental Free Trade Area".

It is to that end that, on October 4, 2018, [the EU and the World Customs Organization \("WCO"\) signed a 5 million-Euro contract](#) for the implementation of a program promoting the «Harmonized System» (HS). This system helps countries to coordinate and harmonize their customs rules while reducing the costs of international trade. It is a 41-month program that is being [funded by the EU](#) and carried out by the WCO.

The EU-WCO Program will help facilitate and increase intra-African trade, trade between Africa and Europe, and between Africa and the rest of the world.

The Program will also contribute to (i) the implementation of the World Trade Organization Trade Facilitation Agreement (WTO-TFA) and (ii) the establishment of the African

Continental Free Trade Area (CFTA), formally launched by the Assembly of the African Union on March 21, 2018 in Kigali, Rwanda.

More specifically the objective of this Program is to "help beneficiaries of this action implement and apply HS Version 2022 in 2022, in line with the provisions of the HS Convention and with international commitments, and to ensure that the beneficiaries have the required skills to upgrade to new versions of the HS in the future". Thus, the action mainly focuses on the implementation and application of the HS system. The Program will benefit numerous customs and trade actors in the continent: Africa's Regional Economic Communities (RECs), Customs administrations and relevant stakeholders, including the Africa Union Commission, selected national government administrations and the private sector.

The need of establishing such a program was underlined some years ago during the Joint EU – African Union (AU) Customs and the Trade Facilitation Forum held in Brussels on 11-13 December 2012 where there was concluded that in order to increase intra-African Trade, continental challenges should be addressed in the area of trade facilitation, customs procedures and legislation, in particular origin, valuation, nomenclature, transit and interconnectivity, and work in partnership with the RECs.

However, according to the WCO, "to date, 49 of the 54 African countries have ratified the HS Convention but only 29 apply the HS 2017. Only six countries apply the WCO Council Recommendation on the improvement of tariff classification work and related infrastructure, while only eight countries apply the Recommendation on Advance Rulings."

Following the above, this Program is highly welcomed and it may only improve economic integration and trade both between African countries and between African countries and the rest of the world, particularly the EU countries. Indeed, it is recalled, should that be necessary, that the EU is Africa's closest neighbor and biggest investor, the main

trading and development partner.

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### II. BRIEF OVERVIEW

#### WORLD CUSTOMS ORGANIZATION (WCO)

##### [New ITC-WCO Rules of Origin Facilitator](#)

The ITC (International Trade Center)-WCO Rules of Origin Facilitator is a new initiative that will enable economic operators to benefit from international trade opportunities. This tool contains information on trade agreements and applicable tariff rates at the detailed product level. The database includes the product-specific rules of origin as well as provisions on origin certification and the necessary documentation to be provided to authorities in the country of importation.

#### EUROPEAN UNION

##### [EU and Singapore signed a Free Trade Agreement \(FTA\)](#)

After a green light from the Council of the EU on October 15, 2018 authorizing the signature and conclusion of the trade and investment agreements between the EU and Singapore, these agreements were officially signed on October 19, 2018 in Brussels during the Asia-Europe Summit. Once approved by the EU Parliament, the EU-Singapore FTA is expected to enter into force in 2019. The EU-Singapore Investment Protection Agreement will only enter into force following its ratification at EU Member States' level

##### [Commission presents EU-Vietnam trade and investment agreements for signature and conclusion](#)

On October 17, 2018 the EU adopted the EU-Vietnam trade

and investment agreements, thus opening the procedure for signature and conclusion by the Council. Once authorized by the Council, the agreements will be signed and presented to the EU Parliament for consent, following which they can be concluded by the Council and enter into force. The investment protection agreement, however, must also be ratified by Member States according to their respective internal procedures.

#### [EU and Japan signed Economic Partnership Agreement \(EPA\)](#)

At the EU-Japan summit in Tokyo in July 2018, the EPA was signed and is expected to enter into force in 2019 after ratification by the EU Parliament.

However, some issues have already arisen regarding the divergence of tariff nomenclatures between EU and Japanese products and the notion of "importer's knowledge" that a product is originating in the exporting Party, which was introduced for the first time in this EPA.

#### [Updated EU Blocking Statute in response to the restrictive measures adopted by the US against Iran](#)

By Commission Delegated Regulation (EU) 2018/1100, the EU has amended the Annex to Council Regulation (EC) No 2271/96 of 22 November 1996 protecting against the effects of the extraterritorial application of legislation adopted by a third country, as well as actions based on or derived from it.

The basic principle of the blocking law is to provide a legal basis for refusals by EU operators to comply with the US extraterritorial legislation regarding Iran, as well as with decisions or judgments based thereon.

#### [EU public consultation on a draft Guide to Internal Compliance Programs \("IPCs"\) in Dual-Use Export Controls \(«DUIS»\)](#)

The European Commission and EU Member States have set up a technical expert group to draft guidance for exporters, as a non-binding instrument, identifying essential elements for an effective IPC.

The Commission conducts a public inquiry offering exporters the opportunity to provide their views and comments on the draft Guide. The public consultation is open for a period of two months and will end on November 15, 2018.

#### [Public consultation for EU Single Window \(SW\) services for customs](#)

SW is a project which will allow economic operators to electronically lodge, and only once, all the information required by customs and non-customs legislation for EU cross-border movements of goods.

The public consultation aims to provide the stakeholders concerned with the opportunity to express their views on this project. The questionnaire is available until January 16, 2019.

### **NORTH AMERICA**

#### **UNITED STATES**

##### [US reimposes restrictive measures on Iran](#)

US President issued Executive Order 13846 (EO) on August 6, 2018 relating to the renewal of certain sanctions against Iran, which requires the reinstatement of 5 Executive Orders previously revoked or modified by Executive Order 13716 of January 16, 2016, adopted as part of the JCPOA. On November 4, 2018 it is expected that the US will reimpose a new set of sanctions, mainly in the shipping, oil, energy and finance sectors.

##### [New US sanctions against Russia](#)

The US government imposed initial sanctions on Russia under the 1991 Chemical and Biological Weapons Control and Elimination of War Act following the attempted murder of Sergei Skripal and his daughter in March 2018. These initial sanctions include: (i) end of foreign aid; (ii) end of arms sales; (iii) end of foreign military financing; (iv) US government credit refusal or other financial assistance; and (v) end all exports of controlled items on the Commerce Control List for reasons of national security.

##### [Additional US tariffs on certain products of Chinese origin](#)

The United States Trade Representative has implemented additional tariffs on approximately \$ 200 billion of imports from China. The rates came into effect on September 24, 2018 and are set at 10% until the end of the year. On January 1, 2019, rates will increase to 25%. See the tariff lists [here](#).

Shortly after the adoption of the new US taxes, China also announced the imposition of tariffs for \$ 60 billion worth

of imported US goods.

#### **CANADA**

##### [Introducing the United-States-Mexico-Canada Agreement \("USMCA"\)](#)

After 13 months of negotiations, Canada, the USA and Mexico have reached a new agreement to replace NAFTA. Our detailed summary is available on our blog [here](#). Some of the highlights include:

- Tariff rate quotas for dairy, poultry and egg products;
- Changes to the rules of origin for automobiles;
- Dispute resolution provisions replacing Ch. 20 of NAFTA;
- Independent and impartial Ch. 19 binational panel review mechanism for anti-dumping and countervailing duty investigations;
- However, the American Steel Tariffs and Aluminum Tariffs will remain in place.

The USMCA still needs to be ratified by the governments of Canada, the USA and Mexico before it comes into effect.

##### [Canada Announces Provisional Safeguards on 7 Classes of Steel Products](#)

Canada has announced provisional safeguard measures, as a 25% surtax, on 7 steel products: heavy plate, concrete reinforcing bar, energy tubular products, hot-rolled sheet, pre-painted steel, stainless steel wire, and wire rod commencing on October 25, 2018.

The CITT has begun an inquiry on the importation of the mentioned 7 classes of steel goods, with submissions this fall and hearings in January 2019.

Imports from the USA, Israel and CIFTA beneficiaries, Chile and Mexico (with the exception of energy tubular and wire rod classes of goods) are excluded from the CITT's inquiry. For the sake of clarity, imports of energy tubular and wire rod from Mexico are within the scope of the CITT's inquiry.

### **■ III. PRESS REVIEW**

*Conformité douanière et conformité globale: même combat ?*, Echanges internationaux, n° 112, September 2018  
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