

EU Customs Developments

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EU Customs Policy

Council Conclusions on the Union Customs Code

The EU Council has adopted and published Conclusions on follow-up of the Union Customs Code (UCC). These Conclusions recognise the entry into force of the UCC package (i.e. the UCC and the detailed implementing and delegated acts) on 1 May 2016 as an important milestone for the EU Customs Union. They stress the importance of the transitional period ending in **2020** to fully implement the rules, along with the overall aim to follow a business-friendly approach (in particular on the IT side). In this respect, the Council invites the European Commission and the Member States to keep the UCC package up to date, to further develop centralised clearance and self-assessment procedures, and to enhance benefits for Authorised Economic Operators (AEOs).

Meanwhile, the Commission is preparing corrections to **Implementing Regulation (EU) 2015/2447**, which lays down detailed rules for the UCC. The Commission and Member States have also discussed a draft proposal for a Commission Implementing Regulation on certain customs related technical arrangements. This proposal focuses on technical arrangements for developing, maintaining and employing electronic systems for the exchange of information between customs authorities and with the Commission, and for the storage of such information.

In late October 2016, the Council's High Level Working Party on taxation, customs union and customs cooperation was due to discuss, among other topics, the future funding of IT costs and equipment and infrastructure for customs at the EU's external borders.

European Parliament Resolution on Sanctions for Customs Infringements

On 25 October 2016, the European Parliament (EP) adopted a resolution proposing amendments to the Commission's draft directive with a legal EU framework for customs infringements and sanctions. The EP wants the pending directive to only provide for non-criminal sanctions for customs infringements, while the Member States could still impose criminal sanctions in accordance with national laws. The EP also wants a different calculation of pecuniary fines. In addition, it wants to oblige Member States to consider a settlement with an infringing party rather than always bringing judicial proceedings.

Tariffs

Duty Suspensions and Tariff Quotas

The deadline for Member States to transfer applications for duty suspensions and tariff quotas to the Commission for the **July 2017** round lapsed on 15 September 2016. This list has been made available on the Commission's dedicated website and reveals that 126 duty suspension files and 23 tariff quota files will be considered. The first discussion by the Economic Tariff Questions Group (ETQG) will take place on **10-11 November 2016**. Objections must be filed before the second ETQG meeting of this round, scheduled for **16 December 2016**.

EU Autonomous Preferences Proposal for Ukraine

On 29 September 2016, the Commission issued a proposal to grant autonomous EU tariff preferences for certain products originating in Ukraine. (This would be on top of tariff benefits already available under the bilateral Free Trade Agreement between the EU and Ukraine.) The new benefits would apply to selected agricultural products, fertilisers, pigments, footwear, certain copper and aluminium products, video recorders, tuners and TVs. If agreed in their current form, they would apply for **3 years** (subject to potential suspension in case certain conditions are not satisfied). A safeguard mechanism is foreseen in case imports of the relevant products from Ukraine increase to such an extent that they threaten EU industry.

ITA-II and Ink Cartridges

On 29 September 2016, the Commission published a corrigendum to **Commission Implementing Regulation 2016/1047**, which implemented the expanded Information Technology Agreement (ITA-II) as of 1 July 2016. The purpose of the corrigendum is to ensure that the duty on "ink cartridges (without an integrated print head) for insertion into apparatus of subheadings 8443 31, 8443 32 or 8443 39, and incorporating mechanical or electrical components" is also cut to 0%. The original version of **Regulation 2016/1047** only provided for duty-free treatment for "solid ink in engineered shapes for insertion into apparatus of subheadings 8443 31, 8443 32 or 8443 39", which was not in line with European case law on ink cartridges.

Environmental Goods Agreement

On the fringes of the September 2016 G20 summit in China, negotiating parties confirmed the final list of 304 products that will be covered in the WTO Environmental Goods Agreement (EGA). However, during the 16th round (19-23 September 2016), it was reported that the list was not stabilised after all as there was still discussion (mostly between the EU and China) on whether or not bicycles should be included. Also, certain concerns about EGA free-riding by non-member countries through application of the Most Favoured Nation principle were still unresolved. China initially seemed to agree that these concerns could be addressed by ensuring that EGA covers a "critical mass" of about 90% of world trade in relevant products (e.g. by including India and Brazil). During the 16th round, however, this became less clear. China is reportedly also seeking to apply tariffs on some covered products (instead of 0% duty) and proposing long phase-out periods for EGA tariff elimination in developing countries.

The 17th round of EGA negotiations followed on 17-20 October 2016. The parties met in small groups to discuss outstanding sensitive issues, including the product list (i.e. certain bicycles, refrigerators or wood products) and the tariff elimination schedules. No breakthrough was achieved on any of these issues. During the 22-23 October 2016 weekend, further EGA related talks in Oslo between the United States, the EU and China also failed to achieve concrete results. It therefore remains unclear if the self-imposed target of concluding EGA negotiations in **2016** can be achieved. The next EGA round is expected to take place in **late November 2016**, and a further meeting is planned for **3-4 December 2016**.

EU-China Agreement on Croatia's EU Accession

On 18 October 2016, the EU Council formally approved conclusion of the agreement between the EU and China under GATT Article XXIV:6 to take into account Croatia's EU accession. The agreement provides, *inter alia*, for a slight reduction in the EU import duty on certain types of footwear and split-system window or wall air conditioners.

EU FTA Update

a) EU FTA priorities

On 14 September 2016, European Commission President Juncker confirmed in his State of the Union speech the main trade related initiatives the Commission intends to take before the **end of 2017**. They include completion of the free trade agreement (FTA) negotiations with Japan, pursuing work towards conclusion of the Transatlantic Trade and Investment Partnership (TTIP), swift ratification of the EU-Canada Comprehensive Economic and Trade Agreement (CETA) and the EU-Singapore FTA, and opening FTA negotiations with Australia, Chile and New Zealand.

On 25 October 2016, Juncker revealed the Commission's **2017** Work Programme to the EP. It includes as one of the key initiatives the implementation of the "Trade for All Strategy". The Commission confirms that in parallel to pursuing and completing bilateral negotiations (e.g. with Japan) and opening new FTA negotiations with Australia, Chile and New Zealand, this initiative includes a further reinforcement of the EU's Trade Defence Instruments with a proposal to amend the EU's antidumping legislation.

b) Brexit

In the past few months, there have been continued reactions from third countries on what they expect in post-Brexit trade relations with the UK.

In a report published on 4 September 2016, the Japanese Government indicates that certain Japanese investments in the UK may be reconsidered, with possible moves of business headquarters from the UK to the Continent, if the UK is unable to retain access to the EU's single market after Brexit.

Australia's Trade Minister has stated that formal FTA discussions with the UK will not begin for at least two-and-a-half or three years, noting that the UK has "no standing" to negotiate FTAs until after the official Brexit. Australia has further stated that an FTA with the EU is higher on its priority list. According to British Foreign Secretary Boris Johnson, New Zealand has expressed enthusiasm for a bilateral trade deal with the UK post-Brexit, but the New Zealand Foreign Ministry has stated that FTA negotiations with the EU remain its priority.

Similarly, the United States Trade Representative Michael Froman has said that FTA discussions between the US and the UK cannot start until the UK has worked out its future relationship with the EU.

Norway has reportedly also rejected the UK's proposal to create a formal task force for a future FTA for now. ASEAN is likely to prioritise a region-to-region FTA with the EU, and wait until the future UK-EU relationship is clearer before considering an FTA with the UK.

The UK has meanwhile formed a working group with India to explore future trade negotiations. Argentina, Brazil and the Gulf States are seemingly also open to discussing a future potential trade deal with the UK. The UK has also been seeking input from businesses on trade and investment barriers in Brazil, Colombia, Kazakhstan, South Korea, Taiwan and Vietnam with a view to have bilateral discussions **still in 2016** with these countries.

c) Canada

The Comprehensive Economic Trade Agreement (CETA) between the EU and Canada remained highly controversial through October 2016. However, CETA was finally signed on 30 October 2016 after hectic meetings in the weeks leading up to that. The EU-Canada signature ceremony was originally planned to occur on 27 October, but suffered a delay when some of Belgium's regional parliaments refused to consent to the deal.

Given the controversy with respect to the provisional application of CETA, the EU Council had earlier prepared a non-paper clarifying which parts will be excluded from provisional application, including certain provisions of the investment, financial services and intellectual property chapters. Following a ruling of the German Institutional Court, Germany furthermore insisted on a safeguard clause that will force the EU to undo the provisional application of CETA if a single Member States refuses to ratify the agreement.

CETA could start to apply provisionally early next year after EP consent, which is tentatively scheduled for **late December 2016 or January 2017**. Already on 12 October 2016, there were signs of upcoming EP consent as the EP's International Trade (INTA) Committee supported CETA in a preliminary debate.

d) Japan

The 17th round of negotiations between the EU and Japan was held in Brussels during the week of 26 September 2016. It was reported that the Commission presented its offer on the investment chapter in the agreement during these discussions. In the absence of a formal EU statement, it has been reported that there is still disagreement on agricultural tariffs, but that the negotiations have almost been completed on certain chapters.

Just before the 17th round, key EU and Japanese business federations addressed Japanese Prime Minister Abe and Commission President Juncker and EU Council President Tusk in a letter dated 16 September 2016. In this letter, they requested acceleration of the EU-Japan FTA negotiations, “so that they can be concluded **this year**”.

Meanwhile, EU Trade Commissioner Cecilia Malmström has responded to a question from a member of the EP that the Commission “will do its utmost” to complete an EU-Japan FTA **still in 2016**. This was confirmed in the conclusions of the European Council meeting of 20-21 October 2016, which state that “[t]he European Council invites the Commission to actively pursue negotiations on a free trade agreement with Japan, with a view to reaching political agreement by **the end of the year**.” The abovementioned Japanese government report on Brexit also confirms that Japan is aiming to reach agreement with the EU as **early as possible this year**.

e) United States

On 15 September 2016, EU Trade Commissioner Malmström and US Trade Representative Michael Froman held a stocktaking meeting on Transatlantic Trade and Investment Partnership (TTIP) negotiations. It was already obvious at that stage that the talks would not focus on politically sensitive matters but instead on achieving progress on standards for pharmaceuticals, car safety, engineering products and ICT standards. Meanwhile, it had also become clear that the Commission and Member States considered it “unlikely” to conclude negotiations before the **end of the US Obama Presidency**. During the EU summit in Slovakia on 16 September 2016, Austria and France proposed to start new negotiations under a new name and with different substantive headings, including greater transparency, but the majority of EU Member States confirmed their will to continue with existing TTIP negotiations.

The 15th round of Transatlantic Trade and Investment Partnership (TTIP) negotiations between the EU and the US then took place on 3-7 October 2016 in New York. EU Chief Negotiator Bercero noted after the talks that the reasons for continuing TTIP talks are as strong as they were when the negotiations started three years ago and that the main aim of this round was to “make as much progress as possible”. He added that “significant progress” had been made in particular with respect to regulation of the sectors of cars, pharmaceuticals, chemicals, cosmetics, ICT, pesticides, engineering, medical devices and textiles. It has also been reported that before and during the round, new TTIP texts were tabled and discussed (e.g. on rules of origin, cars, intellectual property, trade remedies and textiles).

US Chief Negotiator Mullaney has confirmed that the aim will now be to achieve as much progress as possible until President Obama leaves office in **early 2017**. The European Council stated after its meeting on 20-21 October 2016 that it “invites the Commission to continue the negotiations with the US authorities to be able to present an ambitious, balanced and comprehensive free trade agreement”, but without stating any particular timeline for conclusion. The EU Member State trade ministers are set to discuss TTIP on **11 November 2016**.

f) Singapore

In September 2016, the Court of Justice of the EU (CJEU) heard the parties in the case concerning EU v. Member State competence in the EU-Singapore FTA (Case A-2/15). The European Commission requested the Court’s opinion in late 2014. The Commission considers that it has exclusive competence with resultant EU decision-making power, but the EU Member States want this FTA to be treated as a mixed competence agreement (i.e. with certain FTA parts within national competence).

g) Vietnam

It has been reported that the EU and Vietnam are aiming to sign the EU-Vietnam FTA in **late 2017 or early 2018**, which could result in provisional FTA application around that time. Bilateral FTA talks were concluded in late 2015, and the FTA text is currently undergoing legal review and translation.

h) Indonesia

On 20-21 September 2016, the EU and Indonesia held their first introductory round of FTA negotiations. The first comprehensive round of talks is expected to occur in the **first quarter of 2017**. In the agreement, parties will aim to cover tariffs, rules of origin, services and investment, public procurement, TBT, SPS, intellectual property rights, sustainable development related issues and trade remedies.

i) Australia

It has been reported that the scoping exercise on an EU-Australia FTA is due to be completed by the **end of this year**. Australia's Trade Minister Ciobo has meanwhile indicated that formal negotiations could start in **early or mid-2017**. The recent imposition of Australian anti-dumping duties on Italian canned tomatoes has however created some tension, which could affect this timing.

j) Mercosur

During the week of 19 September 2016, EU and Mercosur coordinators reportedly met to adjust the list of goods and services in preparation for the upcoming round of talks in October 2016. Spain apparently believes that there is political will to conclude these negotiations by the **end of 2017**. Uruguay's Foreign Minister has meanwhile stated that "if there is no inclusion of beef, there is no deal". EU Trade Commissioner Malmström has confirmed that negotiations will cover market access for beef.

The round of EU-Mercosur FTA negotiations held on 10-14 October 2016 was the first round since market access offers were exchanged in May 2016. Argentina's Secretary of Commerce has confirmed that the talks could be concluded by the **end of 2017**, but also noted that Brexit poses some challenges in terms of recalculating the impact of market access offers. The next round will take place in **March 2017** in Buenos Aires. Meanwhile, the European Council of 20-21 October 2016 underlined the importance of intensifying ongoing EU-Mercosur trade negotiations.

k) South Korea

On 1 September 2016, the EP INTA Committee discussed implementation of the EU-Korea FTA. Also, EU Commission Vice-President Katainen was in Seoul in September 2016 to discuss FTA matters with Korean officials. It has been reported that the EU wishes to upgrade the EU-Korea FTA in **2017**, mainly to address an 8% tariff increase on plane engines returning to Korea after repair that should enter into force at the **start of 2017**.

l) Malaysia

On 4 August 2016, the Commission issued two proposals for a Council decision on the conclusion and signing of the Framework Agreement on Partnership and Cooperation between the EU and Malaysia. The negotiations on this agreement were concluded in December 2015, and the text was initialled in April 2016. A trade cooperation section is included, paving the way for conclusion of the on-going FTA negotiations between the EU and Malaysia.

m) Ecuador

EU Trade Commissioner Malmström has asked the Slovak Council Presidency to speed up ratification of the EU-Ecuador protocol of FTA accession. She has suggested advancing adoption of it to enable EP consent and provisional FTA application by **1 January 2017**. Negotiations for the accession of Ecuador to the existing FTA with Colombia and Peru were concluded in 2014.

n) Chile

On 31 August 2016, the EP's INTA Committee discussed a study analysing the prospects for updating the trade pillar of the EU-Chile Association Agreement. This study was released in May 2016.

o) South Africa and other nations

After EP approval on 14 September 2016, the EU published a Decision on the signing and provisional application of the Economic Partnership Agreement (EPA) between the EU and the SADC EPA states (i.e. Botswana, Lesotho, Mozambique, Namibia, Swaziland and South Africa). The EU-SADC agreement will enter into force once the national parliaments of the six African states have ratified it. The EPA started to apply provisionally from 10 October 2016, except for Mozambique, which has not yet completed its domestic ratification process.

Classification

EU 2017 Common Customs Tariff

On 28 October 2016, **Commission Implementing Regulation (EU) 2016/1821** was published in the EU's Official Journal. It contains the EU's Common Customs Tariff (CCT) applicable from **1 January 2017**. As with every year, the new EU CCT reflects certain changes made to the customs classification of goods, including amendments to the product scope of certain subheadings.

Classification Regulations

Since the July 2016 issue, the following EU Classification Regulations have been published:

- **Commission Implementing Regulation 2016/1354** classifies a toner cartridge for use in a specific printer as part of a printer under Combined Nomenclature (CN) code 8443 99 90.
- **Commission Implementing Regulation 2016/1645** classifies a product in the form of irregular, flat, brown, hard fragments or flakes used as an adhesive in the printing industry as phenolic resins under CN code 3909 40 00.
- **Commission Implementing Regulation 2016/1758** classifies a memory card game as playing cards under CN code 9504 40 00.
- **Commission Implementing Regulation 2016/1759** classifies an article consisting of a threaded shank and a head made of plastic which is to be used as a stand or foot for furniture items as "other screws" under CN code 7318 15 90.
- **Commission Implementing Regulation 2016/1760** classifies an apparatus consisting of a bank note validator and cash boxes (a so-called "note float" unit) as an office unit under CN code 8472 90 70.
- **Commission Implementing Regulation 2016/1761** classifies a so-called "video inspection scope" used mainly for technical inspection of cavities as a video camera recorder under CN code 8525 80 91.

In addition, **Commission Implementing Regulation 2016/1638** was adopted to replace Additional Note 2 to Chapter 15 with respect to olive oil products. This brings the Note up to date with work at the international level to define relevant product characteristics. Meanwhile, the Commission has also put various draft Classification Regulations to a vote using the written procedure (which ends on **9 November 2016**), with respect to wireless speaker adapters, track rollers (for use in machinery), certain flexible tubes for medical/laboratory use, a digital microscope and Christmas decorations. During the same voting process, a draft CN Explanatory Note on 3D printers will be decided.

Court Judgment on Classification of Tractors

On 22 September 2016, the CJEU delivered its judgment in Case C-91/15 (*Kawasaki Motors Europe NV v. Inspecteur van de Belastingdienst/Douane*). The CJEU was asked to determine whether **EU Regulation 1051/2009** classifying agricultural and forestry tractors of the "All-Terrain Vehicle" type under CN subheading 8701 90 90 (other tractors) was valid. The competing classification in this case was under subheadings 8701 90 11 to 8701 90 39 (agricultural tractors and forestry tractors further classified based on their engine power).

Regulation 1051/2009 classified relevant tractors under CN subheading 8701 90 90 on the basis that they do not have a power take-off shaft, hydraulic lift or winch. This reasoning was derived from an Explanatory Note (EN) to the CN which states that "agricultural tractors are generally equipped with a hydraulic device enabling

agricultural machinery to be raised or lowered, a power take-off enabling the power of the engine to be used to operate other machines or implements, and a coupling device for trailers" and that "a ... feature of forestry tractors is the presence of a permanently attached winch enabling timber to be hauled".

The Court held that the classification of these tractors under CN subheading 8107 90 90 was incompatible with the subheading scope, and as a result partially annulled the 2009 Classification Regulation. In its judgment, the CJEU confirmed that the CNENs state that covered tractors "generally" have the abovementioned technical specifications. The Court found that the tractors at issue are characterised by a high towing capacity and a special design, which allow them to move in difficult natural terrain.

Court Judgment on Classification of Tobacco Products

On 8 September 2016, the CJEU handed down its judgment in Case C-409/14 (*Schenker Nemzetközi Szállítmányozási és Logisztikai Kft. V. Nemzeti Adó- és Vámhivatal Észak-aföldi Regionális Vám- és Főigazgatósága*). This case concerned the classification of consignments of tobacco (which is the focus of this report), while also dealing with a dispute on whether excise duties could be suspended while the consignment was in temporary storage/transit.

The consignment had been declared as "tobacco not stemmed/stripped – light air-cured tobacco" under CN code 2401 10 35 (which, unlike manufactured tobacco, is not subject to excise tax). However, the customs authorities found during a random check that the consignment contained "cut tobacco" and further tests showed that the product should be classified as "smoking tobacco" under CN code 2403 10 90 (i.e. no further industrial processing required before smoking). The CJEU agreed that the goods were smoking tobacco. This was irrespective of the presence of tobacco waste, as that did not prevent intended use as smoking tobacco. The Court thus held that the consignment could not be classified under tariff heading 2401 for unmanufactured tobacco. It agreed CN code 2403 10 90 is appropriate if the tobacco is packed in bulk and compacted in plastic-lined bags having a net weight of 30 kg per box.

CNENs for Mineral Oils and Meat Offal

The Commission has published a revised Annex to the existing CNENs to Chapter 27 (Mineral fuels, etc.). This concerns the method of determining content of aromatic constituents in products with a distillation end point exceeding 315°C.

The Commission has also published a CNEN to the General notes for Chapter 2 with respect to meat and offal containing preservatives, stabilisers or antioxidants.

Nomenclature Committee Developments

a) CN Sector

The minutes of the 171st meeting of the CN Sector of the Tariff and Statistical Nomenclature Committee (Nomenclature Committee) that took place on 19 July 2016 have been made available. These show that the Committee discussed, for example, certain simplifications for introduction in the CN 2017. It also discussed the implementation of the GATT agreement on duty free treatment for use in civil aircraft, the creation of new tariff codes under CN 2017 for ink cartridges to implement ITA II (see above), and headings for wood products of tariff chapter 44 and blind rivet nuts under tariff heading 7318.

b) Textiles and Mechanical/Miscellaneous Sector

The report of the 169th meeting of the Textiles and Mechanical/Miscellaneous sub-section of the Nomenclature Committee (30 May – 2 June 2016) has been published. It reports that the Committee discussed, *inter alia*, draft ENs on child seats for bicycles and a key-holder toy, and a proposed additional note clarifying the scope of CN code 9021 10 10 for orthopaedic appliances. The Committee also examined the classification of digital microscopes, DAB radios using Bluetooth/A2DP technology, undercarriage parts (track rollers), dental lamps, power distribution units, control units for gas discharge lamps, 3D printers for articles of plastering materials, threaded coaxial cable connectors, empty cigarettes for E-cigarettes, little singing bears, airboards, thumb grips for a controller of a game computer, notepads, touch pens, video-capturing cards, tatami puzzles, gift tags and stickers, sets of tables and chairs, incomplete shelves, and bathtub steps. The Committee further discussed video-capturing cards, and agreed on the separate

classification of LED lamps and solar panel chargers imported together, thus mitigating an earlier Member State divergence on this matter.

The report of the 172nd meeting which took place on 12-14 September 2016 was also published. It shows that the Committee voted favourably on draft Classification Regulations for control units for gas discharge lamps and for shower doors, on an Additional Note concerning the classification of bedspreads, and on a CNEN for glass holders for tea-lights. The Committee also continued the discussion on the classification of drones without camera, model train sets, threaded coaxial cable connectors, empty cigarettes for E-cigarettes, a little singing bear, thumb grips for a controller of a game computer, DAB radios using Bluetooth/A2DP technology, notepads, touch pens, tatami puzzles, radial shaft seals, a set of tables and chairs, and bath-tub steps. Discussions commenced during this meeting on a virtual reality head set (following a meeting of a special Project Group in April 2016), paint balls, bra extensions, shopping trolley bags, USB chargers, ballet pointe shoes and certain slippers. Finally, the Commission informed Member State experts that the kick-off meeting of the Expert Teams – which will pool expertise to resolve complex cases of divergent tariff classification – was scheduled for 22-23 September 2016, and these teams should be operational from 1 October 2016.

c) Agriculture/Chemistry sector

The agenda of the 173rd meeting of the Agriculture/Chemistry sub-section of the Nomenclature Committee scheduled for 17-18 October 2016 includes, *inter alia*, a vote on CNENs to tariff heading 3920 and subheading 2707, and the tariff classification of heat-sensitive ink ribbons in rolls, ink cartridges, and various food supplements and products.

Origin

Relaxed EU-Jordan Rules of Origin Published

On 30 August 2016, a Decision of the EU-Jordan Association Committee was published. It temporarily relaxes the rules of origin applicable under the Association Agreement between the EU and Jordan for certain products made by Syrian refugees.

EU-Macedonia Origin Protocol Replaced

On 28 October 2016, **Decision No 1/2016** of the Stabilisation Council of the EU and Former Yugoslav Republic of Macedonia was published. It replaces the existing Protocol with preferential origin rules applicable under the bilateral EU-Macedonia agreement by a reference to the Regional Convention on pan-Euro-Mediterranean preferential origin rules (PEM Convention), which both parties signed on 15 June 2011.

Updated Status Note on Diagonal PEM Cumulation of Origin

On 21 September 2016, the Commission again updated its notice on the date of application of the PEM Convention or Origin Protocols allowing diagonal cumulation of origin. This cumulation considers materials sourced in other parties to the PEM Convention to be “originating” under certain conditions, making it easier for the final product to satisfy the PEM origin rule. PEM covers the EU, the EFTA States, the Faroe Islands, the Barcelona Process countries (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, West Bank and Gaza Strip, Syria, and Tunisia), Turkey, the participants in the EU’s Stabilisation and Association Process (Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo), and Moldova.

Miscellaneous

EU Dual-Use Export Controls

On 20 August 2016, the EU published an updated information note on the various Member State measures adopted in the context of the EU Dual-Use Export Control system. It includes, for example, individual Member State measures relating to extension of brokering controls to non-listed items, the imposition of an authorisation requirement on the brokering of dual-use items, the extension of transit controls to non-listed items, the extension of controls to non-listed items for reasons of public security or human rights considerations, and the modification or issuance of national general export authorisations.

On 28 September 2016, the Commission formally submitted its long-awaited proposal for the EU's future Dual-Use Regulation, which will, in due course, replace the current **Regulation 428/2009**. The proposal aims to respond to new risks (e.g. by expanding controls to cyber-surveillance technologies which could be used for human rights violations), but also offer further general export authorisations (e.g. for large projects, certain intra-company transfers, low value shipments and encryption products). For this draft Regulation to be adopted and enter into force, co-decision by the Council and EP is first required.

Rise in EU Seizure of Counterfeit Goods

On 23 September 2016, the Commission reported that the customs authorities of the EU Member States seized an estimated five million more counterfeit items in 2015 than in 2014. More than 40 million products suspected of violating intellectual property rights were detained at the EU's borders, with a value of nearly EUR 650 million. Seized goods include household electronic goods, originating mainly in China, Montenegro, Hong Kong, Malaysia and Benin. Counterfeit mobile phones and accessories, memory cards, computer equipment, CDs and DVDs and lighters originated mostly in Hong Kong.

New Electronic Anti-fraud Tools for OLAF

As from 1 September 2016, investigators of the EU anti-fraud office OLAF are using new electronic tools to track and trace suspicious shipments. These tools record the physical movements of containers transported on maritime vessels and gather information on the goods while entering, transiting and leaving the EU. Two new EU databases were created for this purpose: the Container Status Messages directory (which gathers messages recording the movements of containers transported on maritime vessels) and the Import, Export and Transit directory (containing data of goods entering, transiting and leaving the EU).

Commission Funds Customs Reforms in Africa

On 14 October 2016, the Commission committed EUR 380,000 to the United Nations Conference on Trade and Development (UNCTAD) for the period **2017-2019**. This is to assist the Central African states in implementing the WTO Trade Facilitation Agreement.

WTO Ruling on Russian Import Duties

On 12 August 2016, a WTO Panel circulated its ruling finding that Russian import duties on refrigerators, paper and palm oil violate WTO rules.

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