

CUSTOMS COMPLIANCE & RISK MANAGEMENT

JOURNAL FOR PRACTITIONERS IN EUROPE

This issue explores key themes, such as:

EU and UK customs & trade: monthly news roundup

10-years of the Union Customs Code: lessons for the future

EU-Mercosur Agreement: practical guide for business

EU-UK TCA: when the rules of origin rule nothing out

FTAs vs GSP: key differences and practical implications

Customs value: using export price data under the fallback method

Remanufactured goods: new, used, or neither?



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Dr Ilona Mishchenko
Member of the Editorial Board

Editorial

Dear Reader,

The Union Customs Code turned ten in May. A decade after it came into effect, now is the perfect time to reflect on the UCC's achievements and shortcomings, and to consider the lessons it offers for the new EU customs legislation expected soon. We open this issue with that reflection.

Many of the challenges and developments that the UCC and other customs-enforced rules must now accommodate were barely imaginable when they were drafted. The circular economy is a clear example of this: as businesses move towards reuse, repair, refurbishment and remanufacturing, rules designed for a linear economy are being put to the test in unforeseen ways. This issue features two articles that address this issue. One examines worn clothing that meets the change-in-tariff-heading rule yet may still be denied preferential treatment under the EU-UK TCA. The other explains why remanufactured goods often become stuck at the border, as they do not fit into the “new” or “used” categories.

The concept of origin runs through many of this issue's themes. You will find an overview of, and practical recommendations on, the long-awaited EU-Mercosur Agreement, which opens significant new trade opportunities but also raises questions about how preferential origin is established and proven. On a related note, we outline the differences between FTAs and GSP schemes, as well as the challenges of cumulation – a topic that is becoming increasingly relevant, given the growing number of EU FTAs and the new GSP due to take effect in 2027.

Customs valuation also continues to develop through the courts. In this article, we examine how recent CJEU case law is reshaping the fallback method, including the circumstances in which export prices received from a third country can be used to value goods. We also consider another court ruling on freight responsibility.

Our regular news sections provide an overview of the latest customs and trade developments in the EU, the UK, and Ukraine. Further topics include focused analyses of the 20th package of sanctions against Russia and practical guidance on tariff inversion strategies for managing customs duties.

As always, our aim is to help businesses essential to both the linear and circular economies avoid customs-related losses and take full advantage of available simplifications and preferences.

We wish you an insightful and rewarding read.

Sincerely,

Dr Ilona Mishchenko,

Member of the Editorial Board

News update

EU customs and trade news: May 2026

A weekly summary of recent developments in trade, customs, and key areas such as artificial intelligence and adult education, issued by EU institutions and courts, as well as the World Customs Organization (WCO) and the World Trade Organization (WTO).

25-31 May

Update for week 22: ATA Carnets go digital from 1 June 2026; EU introduces electronic licensing system for export of cultural goods; Special Procedures UCC Guidance revised; CBAM Questions and Answers for the definitive period updated; EU suspends tariff duties on nitrogen fertiliser

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EU customs and trade news: April 2026

A weekly summary of recent developments in trade, customs, and key areas such as artificial intelligence and adult education, issued by EU institutions and courts, as well as the World Customs Organization (WCO) and the World Trade Organization (WTO).

20-26 April

News in brief: EU adopted 20th package of sanctions against Russia; Russian hybrid threats - EU listed two entities; Moldova - EU restrictive measures extended until April 2027; preferential tariff treatment under EU-Mercosur ITA as of 1.5.2026; management of Union tariff quotas for products originating in Mercosur; CBAM webinar - how to make decarbonisation efforts pay off; EU customs education partners met in Tallinn to strengthen training collaboration; and further updates.

INTERNATIONAL SANCTIONS

EU adopted 20th package of sanctions against Russia

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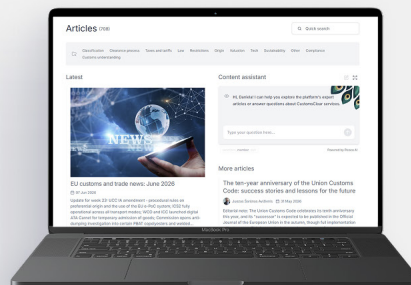
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News update

UK customs and trade news: May 2026

News in brief: fuel duty rates amended; new versions of the UK's preferential tariffs and other reference documents published; tariff notices concerning classification of sourdough (liquid) and articles for Christmas festivities issued; TRA Plan 2026–2029 published; countervailing duty on rainbow trout updated; reclaiming duty payments on goods brought into Northern Ireland under the Duty Reimbursement Scheme updated; UK–Gulf Cooperation Council Free Trade Agreement concluded; start of application of NCTS6 and eATA on 1 June 2026 announced; and other updates.

DUTIES AND TAXES

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UK customs news & SPS

 UK law news overview

More information: www.customsclear.net/en/events/vuvdhr2mn1hk

News update

UK customs and trade news: April 2026

News in brief: tariff notices on classification of ankle bandages, back supports and back bandages and liquid food preparations issued; UK's steel trade measure applicable from 1 July 2026 specified; tariffs on a selection of agricultural and food products suspended; certain export control licenses updated; CBAM-related documents published; and other updates.

CLASSIFICATION

Tariff notices issued in April

Three tariff notices were issued in April. They contain information about how to correctly classify certain goods for import and export purposes.

[Tariff notice 5](#) justifies the tariff classification of ankle bandages under tariff code 6307 90 98.

[Tariff notice 6](#) clarifies that the tariff classification of back supports and back bandages should be done under CN code 6212 90 00.

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UK update: CDS, CBAM and beyond

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News update

Ukraine customs and trade news: April / May 2026

News in brief: progress in adopting the new Customs Code of Ukraine; updates to the common transit procedure; simplifications to export-related formalities concerning soya and rapeseed; customs brokers' licences being revoked; pilot of deforestation due diligence compliance mechanism for Ukrainian products launched; CBAM Ukraine-Sweden arrangements to simplify the accreditation process for verifiers; anti-dumping investigation into imports of coated carbon steel; and other updates.

NEW CUSTOMS CODE OF UKRAINE

Ukraine advances EU Customs alignment with approval of new Customs Code draft

Ukraine has taken a significant step toward aligning its customs legislation with European Union standards, as [the government approved the draft of a new Customs Code](#) on 27 May 2026 and submitted it for parliamentary consideration. The initiative forms part of Ukraine's commitments under Chapter 29 "Customs Union" of the EU accession negotiations.

The draft Code was developed over a two-year period through extensive cooperation between the Ministry of Finance, the State Customs Service of Ukraine, the European Commission's Directorate-General for Taxation and Customs Union (DG TAXUD), international experts, and the business community. Before the Government's approval, [the Steering Committee overseeing the project endorsed the document](#) after incorporating comments from the European Commission and proposals from businesses.

According to the State Customs Service, the draft is fully aligned with the EU Customs Code and introduces customs rules consistent with those applied across the European Union. Structurally, the new Customs Code follows the logic of EU customs legislation. It introduces a range of reforms, including the adoption of EU customs terminology, a new authorisation framework, updated customs procedures, revised approaches to customs decisions and declarations, rules on customs debt and guarantees, and modernised duty relief provisions. Transitional arrangements are also included to ensure continuity of business operations during implementation.

The next stage in the legislative process is for the draft to be considered by the Parliament of Ukraine. As expected, it will consider and adopt the draft in two readings by 1 September 2026. The

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Perspective



Juozas Šarūnas Avižienis

Customs Policy Expert, Lithuania

About the author

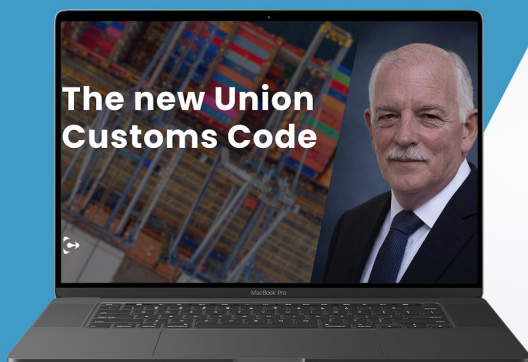
The ten-year anniversary of the Union Customs Code: success stories and lessons for the future

Editorial note: The Union Customs Code celebrates its tenth anniversary this year, and its "successor" is expected to be published in the Official Journal of the European Union in the autumn, though full implementation will take years. This is a particularly good moment to reflect on what the past decade has genuinely delivered and what it has not. The frustrations experienced by practitioners today – delayed IT systems and the challenges of their operation, as well as simplifications enshrined in law but never made practically accessible – have roots that extend not only to the early years of the Union Customs Code, but further back, to the Modernised Customs Code, which was its predecessor and which never entered into force. Self-assessment is the most striking example: throughout the entire ten years, it was never applied in practice. The challenges of the past are a good point of reference for those seeking insight into what the reform of the coming decade is likely to deliver – and what it risks repeating. [1]

On 1 May 2026, ten years had passed since the Union Customs Code (Regulation (EU) No 952/2013 of the European Parliament and of the Council of 20 October 2013) became applicable in its entirety.

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The new Union Customs Code (UCC)

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Ilona Mishchenko

Member of CCRM Editorial Board

[About the author](#)

Using export price data under the fallback method of customs valuation: lessons from CJEU

Since the start of 2026, the Court of Justice of the European Union (CJEU) has issued two rulings focusing on the use of the fallback method for customs valuation. These decisions have brought renewed attention to the types of price information that may be relied upon when determining the customs value of imported goods under this method. This article takes a closer look at export prices and examines whether they can be used as a valid basis for customs valuation under the fallback method.

Background

The *Lidikar* case ([Case T-296/25](#)) concerned the import of a damaged vehicle from Canada to Bulgaria. The importer declared a relatively low transaction value of approximately CAD 3,310 (around EUR 2,100). However, during a post-clearance audit, the Bulgarian customs authorities received information from the Canadian customs administration under the EU-Canada customs cooperation framework. This included the export declaration value for the same vehicle, which was

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Customs valuation update

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Enrika Naujokė

Director, CustomsClear, Lithuania

[About the author](#)

EU-UK TCA: when the rules of origin rule nothing out

A ruling by the Lithuanian Supreme Administrative Court has brought to a close a dispute that passed through three instances: whether worn clothing imported from the United Kingdom is entitled to a zero-rate duty under the EU-UK Trade and Cooperation Agreement. The answer is no. However, the questions that remain unanswered are no less important and are relevant to importers of a wide range of goods who use or intend to use preferential tariff treatment.

A Lithuanian importer spent several years in litigation over the application of the preferential zero rate to worn clothing under the EU-UK Trade and Cooperation Agreement (TCA). The Tax Disputes Commission and the Regional Administrative Court initially ruled in the importer's favour. The Lithuanian Supreme Administrative Court reversed those decisions [1]. The questions addressed were: whether the wearing of cloths constitutes "production" within the meaning of the TCA rules of origin, given that it is precisely the wearing that brings about a change of commodity code; and the question of administrative cooperation between EU and UK customs authorities interpreting the origin rules differently, and the effect of that cooperation - or lack thereof - on the determination of

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Topic spotlight



Marc Bauer

Head of Unit, Customs, export controls and trade facilitation, IHK Region Stuttgart, Germany

[About the author](#)

Understanding the EU–Mercosur Agreement: a practical guide for businesses

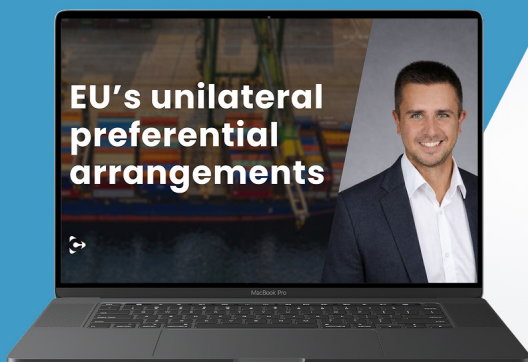
The EU–Mercosur Agreement opens new opportunities for businesses trading between the EU and South America. However, benefiting from preferential tariffs requires more than simply knowing that an agreement exists. Companies must understand how the rules of origin work, how preferential origin should be proven, and how tariff reductions are calculated in practice. This article provides a practical overview of the key customs aspects of the agreement, including rules of origin, supplier’s declarations, proof of origin requirements and tariff elimination schedules. It also highlights common compliance challenges and offers practical recommendations to help businesses prepare for the new trading environment.

INTRODUCTION

The [EU–Mercosur Agreement](#) is one of the most notable recent trade developments for the European Union. Negotiations between the European Union and the Mercosur countries (Argentina

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EU unilateral preferential arrangements – managing tariff changes

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Annette Reiser

Attorney at Law, Customs and Trade Compliance, nettes`globaltrade, Germany

About the author



Ilona Mishchenko

Member of CCRM Editorial Board

About the author

Topic spotlight

FTAs vs GSP: understanding key differences and practical implications for companies


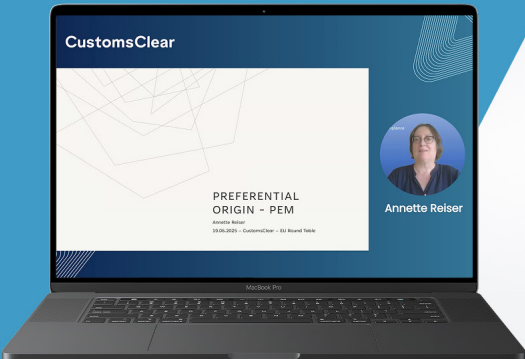
This article explores the practical differences between free trade agreements (FTAs) and the Generalised Scheme of Preferences (GSP) scheme. As they operate in fundamentally different ways, they also influence internal company processes differently. It explains why origin information relevant to the GSP may still be included in suppliers' declarations and examines the concepts of bilateral and regional cumulation within the GSP framework, among other aspects.

Introduction

Preferential trade arrangements play a crucial role in international trade by reducing or eliminating customs duties when certain conditions are met. Companies engaged in cross-border supply chains must understand how different preferential systems operate to ensure compliance and optimise tariff benefits.

Two mechanisms provided for by the General Agreement on Tariffs and Trade (GATT) that are used by the European Union are free trade agreements (FTAs) and the Generalised System of

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Topic spotlight



Mark Rowbotham

Customs, Excise & VAT Consultant,
PORTCULLIS ISC, the United Kingdom

[About the author](#)

Managing import duties: the tariff inversion strategy

This article explores the concept of tariff inversion and explains how it can be used by businesses to legally reduce import duties and, increasingly, to manage tariff changes, alongside other benefits. It outlines how the strategy works in practice, particularly in connection with customs procedures such as inward processing and free zones. Practical examples are provided to illustrate the concept, followed by a comparison of how tariff inversion is applied in the UK and the US.

What is tariff inversion?

Tariff inversion, also known as reversed cascading, is a customs strategy that enables businesses to reduce costs by applying lower import duties to finished products than to individual components. This situation arises when the tariff structure is designed so that inputs (such as raw materials or parts) are subject to higher duty rates than the final goods. Consequently, companies

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Classification updates: HS2028, EU case law, and AI

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Aušra Šablinskienė
Sanctions expert, Lithuania

About the author

Overview of the 20th EU sanctions package against Russia: what businesses should know

On 23 April 2026, the European Council adopted the 20th package of sanctions against Russia. Below is an overview of the changes requiring particular attention due to specific exemptions, derogations for certain sectors, and differing dates of entry into force for some provisions.

According to the [press release of the Council of the EU](#), a far-reaching 20th package of restrictive measures has been adopted to further cripple Russia's economy and war machine. It comprises 120 further individual listings – the biggest package of listings in two years – and stern, multi-layered economic sanctions, targeting key sectors which fuel Russia's war of aggression against

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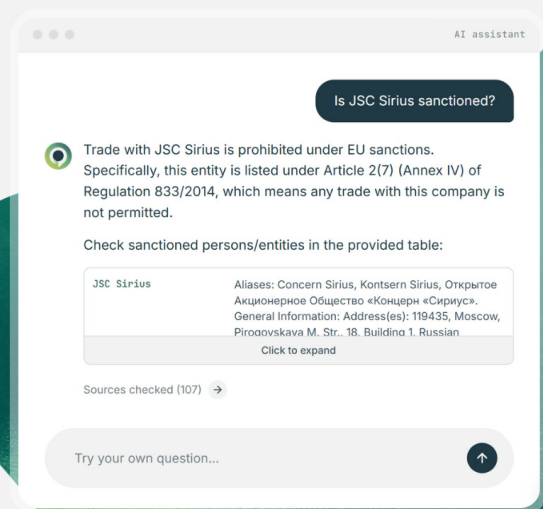
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Topic spotlight



Enrika Naujokė

Director, CustomsClear, Lithuania

About the author

New, used, or neither? Why remanufactured goods get stuck at the border

An [article published](#) in this issue [1] concerning a Court ruling on the import of worn clothing from the United Kingdom revealed a problem: the CTH rule of origin for heading 6309 under the EU-UK Trade and Cooperation Agreement exists in theory but cannot be applied in practice, because the only route from HS Chapters 61/62 to heading 6309 is the wearing of garments – and wearing is not production. In the case of remanufactured goods, the problem is analogous but arises from a different angle: here, production genuinely takes place; it is complex and value-adding, yet the traditional rules of origin are not suited to it. In both cases, the existing rules of international trade were not designed for such goods, and this has significant practical consequences for importers and exporters.

Based on: Chayanut Kliangpiboon, "Assessing the Necessity of Integrating Remanufactured Goods Provisions in Regional Trade Agreements: Considerations and Implications for Thailand", WCO Research Paper No. 51, September 2024. Available at: www.wcoomd.org

What are remanufactured goods and why do they matter?

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Waste or resources? Customs perspective

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Topic spotlight

Work smarter: tools and techniques to boost productivity

One of the major technology companies has recently published a document on preparing for superintelligence, emphasising the importance of keeping people at the centre of technological development. Although there is still some way to go, the shift is already underway, with companies increasingly favouring professionals who enhance their capabilities through the intelligent use of tools. The gap between those who adopt these tools and those who do not will continue to widen, making discussions on productivity-enhancing techniques essential. Below are insights shared by experts from various countries during [the 32nd Authors' Meeting](#).

CHECKING IMPORT-EXPORT REQUIREMENTS WITH AI

Enrika Naujoke, Director, CustomsClear, Lithuania

Despite the rapid evolution of artificial intelligence, there is still a significant discrepancy between its technological potential and its practical application in business. Recent [data from the European Commission](#) shows that only 20 % of companies have adopted AI tools, highlighting the significant amount of untapped value.

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CERTEX in the context of the EU Customs Reform

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Country update



Elizabeth Davies

Head of Customs Compliance and Classification, TariffTel, the United Kingdom

[About the author](#)

Value of human accountability over algorithmic outputs

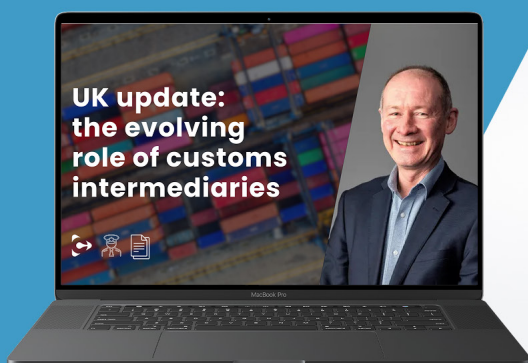
HM Revenue & Customs (HMRC) has issued guidelines on the appropriate use of generative artificial intelligence (AI) in commercial software products that assist customers in submitting information to HMRC. We consider this, along with several other documents, within the context of applying AI to customs classification, in order to examine its integration into modern classification workflows, highlighting both its potential and its limitations.

Introduction

AI is now part of the classification landscape. The WCO published its detailed [Report on the Adoption of AI and Machine Learning in Customs](#) in March 2025, identifying AI and machine learning as the top technology of interest globally. [HMRC's Transformation Roadmap](#), published in July 2025, committed to a new AI service for the Online Trade Tariff from 2027–28. And the HS 2028 amendments – 299 sets of changes comprising 428 new subheadings and the deletion of 172

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The evolving role of customs intermediaries: standards, digitalisation and global compliance challenges

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Country update



Omer Wagner

Advocate, Israel

About the author

Out of temperature, out of liability? A case on freight responsibility

A shipment of industrial adhesive was stored at the wrong temperature resulting in damage (it was stored at minus 20 degrees instead of 20 degrees). The insurance company compensated the importer and is now suing the foreign freight forwarder and shipping company in court. How will the court rule? This is discussed in the attached review, taking into account a recent Israeli court ruling [1].

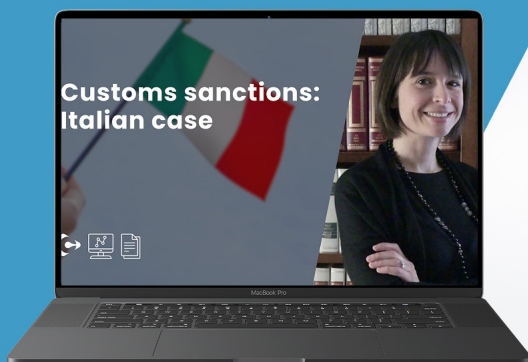
The story

An Israeli importer ordered 80 barrels of industrial adhesive from a supplier in Charlotte, North Carolina, US, with a total value of approximately \$95,000.

ZIM, the Israeli leading shipping company, provided an empty container designed for a temperature of minus 20 degrees, and the shipment was loaded into the container at the

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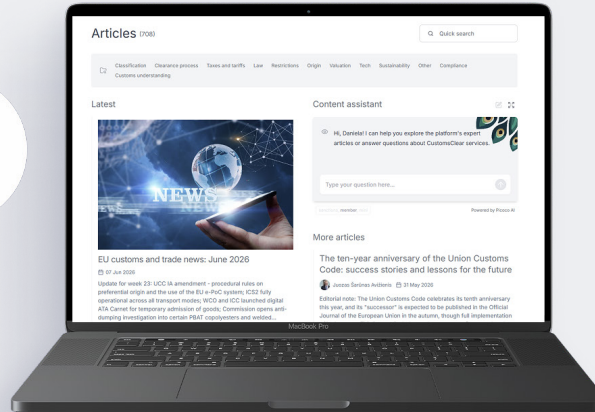
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Lack of harmonisation of customs sanctions: Italian case

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