TRADE OBSERVER

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WHEN AN ADVERTISEMENT REKINDLES THE TRADE WAR BETWEEN WASHINGTON & OTTAWA

A TV advertising campaign in the United States was enough to rekindle the flames of protectionism. On October 25, 2025, Donald Trump announced a 10% increase in U.S. tariffs on Canadian products, in response to an "hostile" advertisement broadcast by the province of Ontario. An unexpected move that reignites trade tensions between the two North American partners, despite their ties under the USMCA free trade agreement.

The issue stems from an advertisement funded by the Ontario government. The spot featured a 1987 speech by Ronald Reagan, in which the former president warned against the harmful effects of protectionism. Aired during the World Series, the message was perceived in Washington as a direct provocation against Donald Trump's trade policy.

A few hours after the broadcast, the former U.S. president announced on his Truth Social network an immediate 10% increase in import duties targeting Canada. The U.S. administration justified this decision by citing the "fraudulent and political" nature of the advertisement. At the same time, Trump ordered the suspension of bilateral trade negotiations, which had begun over the summer to review certain clauses of the USMCA.

The exact scope of this tariff hike has not yet been specified. According to Reuters, aluminum, steel, and automotive products (already subject to surcharges) could be affected again. This lack of clarity is creating regulatory uncertainty that worries economic sectors on both sides of the border.

Canadian Prime Minister Mark Carney reacted by calling for calm, stating that Canada remains "ready to reopen discussions whenever the United States wishes." Ottawa has also considered withdrawing the advertisement in question, while denouncing "an excessive reaction."

eyond the symbolic gesture, this episode illustrates the growing use of tariffs as a political tool. Already in 2018–2020, Donald Trump had used surcharges on steel and aluminum to impose commercial leverage. This time, the decision is not driven by economic logic, but by the perception of a media affront.

The episode highlights the fragility of the North American trade framework: despite the USMCA, tariff stability remains dependent on political tensions.

EXCISE DUTIES:
UNDERSTANDING THESE INDIRECT TAXES IN THE EU

Excise duties are indirect taxes applied to certain consumer products considered sensitive or strategic, such as alcoholic beverages, tobacco products, and energy. These levies, codified in the General Tax Code and governed by European directives, serve several purposes: generating tax revenue, regulating the consumption of specific products, and ensuring fair competition among companies within the European Union.

The harmonization of rules at the European level ensures that excise duties are applied uniformly across Member States. This alignment facilitates intra-EU trade, reduces administrative burdens, and limits competitive distortions. Movements of excise goods are monitored through specific systems: in France, the GAMMA (or GAMMA2) procedure allows tracking and reporting of goods transported under duty suspension, while the European EMCS (Excise Movement and Control System) provides a secure electronic monitoring framework across the EU.

Excise duties are not limited to finished products; they also apply to intermediate goods and raw materials. These include spirits, wine, beer, mineral oils, coal, gas, and electricity.

Taxation may be calculated based on quantity, volume, or alcohol content, depending on the type of product. These duties are added to VAT and, unlike customs duties, apply to products circulating within the EU, not just extra-EU imports.

Payment of excise duties can be deferred under suspension arrangements: a producer or authorized warehouse keeper can store or ship goods without immediately paying the duty, which becomes due only when the product is released for consumption. For cross-border trade, the country where excise duties are payable depends on the place of final consumption, which may vary according to logistics flows and national rules.

For economic operators, mastering excise obligations is essential. Companies must, in particular, verify their partners' excise numbers via the SEED system, request product tax classification through the SOPRANO portal, and use GAMMA or EMCS to report the movements of goods.

FROM NEGOTIATION TO RATIFICATION: HOW THE EU ADOPTS ITS TRADE AGREEMENTS

The European Commission is responsible for conducting negotiations with third countries, but it cannot act alone. It receives a precise mandate from the Council of the European Union, which defines the objectives and limits of each negotiation.
This mandate, known as the negotiating directives, provides a framework for discussions and ensures that the interests of Member States are taken into account from the outset. Meanwhile, the European Parliament closely monitors the process and has the power to approve or reject the final agreement, although it cannot amend its content.

Agreements can take different forms depending on the partners and objectives. Free trade agreements (FTAs) aim to reduce customs barriers and facilitate mutual market access. Association agreements (AAs) combine economic and political aspects, including cultural or scientific cooperation. Economic partnership agreements (EPAs) are designed for developing countries and provide for a gradual opening of their markets to prevent any trade imbalances. Some so-called “mixed” agreements cover areas that fall under both the EU and Member States and therefore require national ratification in addition to European approval.

Once negotiations are completed, the agreement is translated into all official EU languages and submitted to the Council for authorization to sign. Depending on the issues covered, the vote may be by qualified majority or unanimity. Next, the European Parliament votes on the text. For mixed agreements, each Member State must also give its approval, sometimes through a referendum or via regional parliaments.

To accelerate entry into force, parts of an agreement that fall exclusively under EU competence may be applied provisionally before the entire treaty is ratified, as was the case for the EU-Mercosur agreement.

In summary, concluding a trade agreement in the EU combines centralized negotiations, parliamentary consultations, and national approvals. This complex system ensures that trade decisions meet the Union’s economic objectives while respecting its principles and values.

Trade agreements are a cornerstone of the European Union’s economic strategy. They aim not only to facilitate trade and stimulate economic activity but also to promote the Union’s core values, such as human rights, democracy, and environmental protection. The procedure for concluding them is structured and involves multiple institutional actors.

YOUR CUSTOMS MONITORING

COMPLIANCE CONTROL AND LABELING:

In its Operator Notice (NAO) No. 25000258 dated October 24, 2025, the DGDDI specifies that fruits and vegetables harvested in Western Sahara must now indicate only the region of origin on their labeling, and not the country.

This information must appear on the proof of origin accompanying the goods (EUR.1 certificate or certificate of origin), for example: “Dakhla Oued Eddahab” or “Laâyoune-Sakia El Hamra”.

This measure ensures compliance with marketing standards and prevents any incorrect designation during customs inspections.

U.S. CUSTOMS DUTIES – TRUCKS AND PARTS EFFECTIVE NOVEMBER 1, 2025

The Economic Service (SER) of Washington reports that, according to a proclamation issued on October 24, 2025, the U.S. administration will impose a 25% tariff on medium and heavy trucks and their parts, and a 10% tariff on buses. The EU will not benefit from any exemptions under these new measures.

The proclamation extends the final assembly incentive mechanism in the United States until 2030, similar to the one applied to light vehicles, which now also applies to trucks. An import duty exemption on parts is granted, limited to 15% of the value of the vehicle assembled in the United States.

RUSSIA SANCTIONS – ADOPTION OF THE 19TH PACKAGE

The European Commission and EU Member States have adopted the 19th package of sanctions against Russia, aimed at increasing pressure on its war economy. The measures target the energy, financial, and military-industrial sectors, special economic zones, as well as actors facilitating its war of aggression.

Energy: Ban on imports of Russian LNG (effective January 1, 2027 for long-term contracts, and within six months for short-term contracts); prohibition of transactions with Rosneft and Gazprom Neft; restrictions on third-party operators; and a ban on certain scientific and technical services.

Finance: New Russian banks and third-country operators added to the transaction ban list; restrictions on Mir and SBP payment systems; and sanctions on cryptocurrencies and fintech entities.

Trade: Individual sanctions against Russian military-industrial actors and third-country suppliers; restrictions on dual-use goods, metals, propellants, and certain materials (representing €155 million in EU exports).

Other measures: Bans concerning special economic zones, services, and reinsurance; targeting of Russian diplomats; and accountability measures against individuals involved in the abduction and indoctrination of Ukrainian children.

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UDR – SIMPLIFICATION OF THE REGULATION PROPOSED BY THE COMMISSION

The European Commission has proposed measures to simplify the implementation of the EU Deforestation Regulation (EUDR). Under the proposal, only one due diligence statement (DDS) would be required at the point of entry for the entire supply chain, meaning downstream companies would no longer need to submit their own.

Micro and small operators in low-risk countries could submit a single declaration — or none at all if the relevant data is already available.

Transitional period:

- Large and medium-sized companies: from 30 December 2025, with a 6-month grace period
- Micro and small companies: from 30 December 2026

MUTUAL RECOGNITION AGREEMENTS (MRAS) – PUBLIC CONSULTATION

The Directorate General of the Treasury is launching a public consultation until 30 November 2025 aimed at French companies to gather information on their use of Mutual Recognition Agreements (MRAs).

The results will help improve the application of these agreements and propose solutions tailored to the specific needs of certain sectors and geographic areas.

EU – SENEGAL: MODIFICATION OF GSP FOR FISHERY PRODUCTS

A recent notice indicates that Senegalese authorities were unable to guarantee that fishery products exported to the EU complied with the rules of origin under the Generalised Scheme of Preferences (GSP). Compliance with these rules is mandatory to benefit from preferential treatment or duty exemptions.

It is therefore essential to verify and document the origin (Chapter 3, heading 1604) before applying the GSP preference at release for free circulation.