

Trade preference management

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Objective

This procedure describes the management of preferential origin for all EU legacies

Scope

EU : Novecare, Arôma Performance, Coatis, Performance Polyamides, Special Chem, Technology Solutions, Silica, Specialty Polymers

Roles and Responsibilities

Actor	Role	Responsible
Customs and Trade Compliance	<ul style="list-style-type: none">• manage the preference calculation in GTS• gather information and launch calculation• update the list of FTAs in GTS• ask LTSDs to EU and Swiss suppliers• complete EUR1 certificates• ask for BTI for origin• manage Approved Exporter Status Authorizations	Customs process expert
Customer Service EMEA	<ul style="list-style-type: none">• issue LTSD to customers from GTS• provide LTSD to customers• send EUR1 certificates to customs for validation (particular cases)• contact CTC for invoice statement, EUR1 and A.TR	Customer specialist
Customs broker	<ul style="list-style-type: none">• on the import side, in case of preferential agreement check if preferential declaration appears on invoices or if there is an EUR1 or a FORM A certificate available• check if the invoice statement, EUR1 or FORM A provided by suppliers are compliant to customs regulation• check in case of import from TR if original A.TR certificate is present with all shipping documents• establish EUR1 and A.TR after validation from CTC	Customs broker
Delivery coordinator	<ul style="list-style-type: none">• on import : request EUR1, A.TR, invoice statement or FORM A from supplier• on export: contact CTC for invoice statement	Supply Chain department
External data provider	<ul style="list-style-type: none">• provide rules of preferential agreements	Data provider
Solvay IT department	<ul style="list-style-type: none">• manage tables in the ERPs : WP1 and PF1 in order the invoice statement can be set up in the system	IT department

Scope



ERP



References

Attachments

Overview

Preferential origin is related to Free Trade Agreements (FTAs) signed between the European Union and its commercial partners.

The FTAs list all the conditions to be met so that a product can be considered from EU preferential origin. Also they explain how traders can benefit from the preferential origin. (See [Annex 1](#) for the complete list of FTAs).

When Solvay is the importer, if the conditions stated in the FTAs are met and if the supplier is able to prove the preferential origin of its goods, then Solvay is allowed to benefit from reduced or nil duty rates when importing it.

When Solvay is the exporter of goods, it must ensure that it provides its customer with the evidence of preferential origin.

Preferential origin is not to be mistaken with the country of origin or the dispatch country.

Trade preference management has become mostly automated with the implementation of GTS tool, whereas it used be mostly manual.

EXPORT process

Authorizations

CTC is responsible for any amendment and renewal of Approved Exporter authorizations. These authorizations allow simplifications in the management of preferential origin. Indeed, it allows to issue preferential invoice statement (see [annex 2](#)), for countries accepting it, instead of EUR 1 certificates for invoices having a value superior to 6000€. Moreover these authorizations allow to pre authenticate A.TR certificates.

Determination of the preferential origin for Finished Products

CTC uses SAP GTS to collect all information needed for GTS to compute the preferential origin, such as:

- Tariff codes for raw materials and final products
- Composition of finished products, through the « BOM », Bill Of Material
- Sourcing of finished products via procurement indicators
- Rule to be applied, uploaded directly into GTS from a file sent by an external data provider
- Information related to the preferential origin of raw material : CTC requests Long Term Supplier's Declarations (LTSD) to all suppliers and maintain LTSD received in GTS.

Once all information has been gathered, CTC launches the preference calculation.

Evidence of preferential origin - Preferential Declaration/ EUR1

When the goods are shipped, GTS checks if the country of destination is part of the countries listed in the Approved Exporter Authorization and if the product is from preferential origin for the particular FTA.

If the 2 conditions are met, the preferential declaration is printed out on the invoice and the relevant CPC code is used.

EUR1 and A.TR management

The delivery coordinator (Supply Chain department) requests for EUR1 when explicitly stated in the documentary instructions completed by the commercial assistant. Note: in some cases customs broker handles the request.

The delivery coordinator completes and sends the pre authenticated A.TR in case of shipment to Turkey.

Evidence of preferential origin - Long Term Supplier's Declaration

A customer can ask Solvay to provide a Long Term Supplier's Declaration, a legal document in which Solvay certifies that the goods qualify for preferential origin (or not), for all the shipments in a given period. (see also "Procedure Management of Long Term Declaration in GTS").

The Customer Service Representatives are responsible for issuing the LTSDs directly from GTS. The output is based on the result of the preference calculation done by CTC.

Non drawback clause

The non drawback clause is a part of some FTAs. This clause prevents cumulating the benefits from preferential origin (for the importer) and from customs regimes with economic impact such as IPR (for the manufacturer and exporter). It means that an export flow post IPR cannot benefit from an invoice statement or EUR1.

At the time of export, GTS checks if the flow qualifies for IPR and if the flow qualifies for trade preference.

If the third country has not signed any FTAs with the EU, then the export flow discharges the IPR stock.

If the flow qualifies for trade preference (relevant country and product qualifying), then a preferential declaration is printed out on the invoice (export).

Remark: « worst case » rule

This rule applies in the determination of the preferential origin.

If there is a multi sourcing on a raw material (EU and non EU), then GTS considers that the raw material does not originate from the EU.

If there are several alternative BOM's to manufacture a finished product (certain leading to a positive result, certain to a negative result), the GTS considers that the finished product does not qualify for preferential origin.

To issue a LTSD, GTS considers all the shipments (all the invoices) during the period. If only one shipment doesn't qualify, then the LTSD is negative.

IMPORT process

The customs broker is responsible for checking if there is any preferential origin certificate in the original documentation sent by the supplier:

- preferential declaration
- EUR1
- Form A
- A.TR used within the customs union TR-EU (it doesn't confirm the preferential agreement, but confirms that the product is in free circulation)

He is then responsible for using the relevant codes and CPC accordingly and filing the document. He is also responsible to archive documents.

Annexes

Annex 1:

List of preferential agreements and accepted evidence of preferential origin

Follow the link below to the EU website

http://ec.europa.eu/taxation_customs/customs/customs_duties/rules_origin/preferential/index_en.htm

Annex 2:

Invoice statement

"THE EXPORTER OF THE PRODUCTS COVERED BY THIS DOCUMENT (CUSTOMS AUTHORIZATION ...) DECLARES THAT, EXCEPT WHERE OTHERWISE CLEARLY INDICATED THESE PRODUCTS ARE OF EU PREFERENTIAL ORIGIN."