

Management of long term declarations in GTS

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Long Term Declarations (LTD) are used to certify preferential origin and are submitted to a strict Customs regulation.

Preferential origin should not be mistaken either with the manufacturing country or with the shipping country. If a product qualifies for preferential origin, it means that he satisfies the specific rules attached to its tariff code in the trade preferential agreements signed between the European Union and its partners. These agreements allow reduced or nil import duty rates for qualifying products.

Solvay must be able to provide Customs Authorities with evidence proving the preferential origin of its products at any time, according to the regulation CE n° 1207/2001.

Objective

This procedure describes the changes brought by SAP GTS in the trade preference management process.

Scope

This procedure is live for all Rhodia legacy EU entities for raw materials and finish products

Roles and responsibilities

Actor	Task	Responsibility
CTC	• run annual campaign for LVD (long term vendor declaration) • receive LVD and maintain them in GTS • communicate to Purchasing the list of suppliers that have not answered • launch the preference calculation in GTS • follow up on issues/requests related to preferential origin (calculation, LTD, document, etc.)	Rhodia Customs Manager
Purchasing department	• send reminders to suppliers	Purchasing
CS EMEA	• issue LTD from GTS • send LTD for the customers • contact CTC if issue related to LTD • control and manage the GTS work list for revocation and send the revocation letters to customers	Customer specialist
External Data Provider	• Provide regulatory updates	Data provider
Master data (Solvay IT)	• load master data in GTS	Master Data

Steps of the process

Step 1: Request for Long Term Vendor Declarations - from Solvay to its suppliers

Annual campaign

Scope



ERP



References

Attachments

[DLT 2015.docx](#)

[Revocation letter.pdf](#)

CTC is responsible for the annual request of LTD for raw materials suppliers by Solvay.

Every year in December letters are issued from GTS and sent to all the European and Switzerland suppliers. The letter includes a template for a LTD that the supplier completes and sends back to a generic email address.

The requests are based on an extract in GTS that lists and groups together all the products that Solvay has bought to a given supplier during the year, according to Purchase Orders that are completed in Rhodia's global ERP system, RCS.

Request for LTD during the year

A new LTD can be needed at anytime during the year, when a new combination product/supplier appears in a Purchase Order. In this case, the information is replicated from the Purchase Order (in RCS) to a work list in GTS.

CTC is responsible for emptying this work list twice a year by requesting LTD for the new combinations product/supplier.

Step 2: Reminder if no answer

If the supplier has not answered to the request within two months, the reminder process starts:

Identification of the concerned suppliers

CTC issues from GTS a report that lists all the requests for which no answer has been maintained in GTS. The report is sent to the dedicated contact within purchasing department, together with a blank template of a reminder letter.

Reminder

The Purchasing department is responsible for contacting the suppliers and ask for their LTD.

Step 3: Maintenance of the information received

Suppliers complete the LTD request form and send it back to the generic email address ltd.solvay@solvay.com.

This email address is accessible for CTC.

CTC is responsible for checking the mail box, maintaining the corresponding data in GTS and archiving the LTD in electronic or paper mode.

Step 4: Launch of the preference calculation

The aim of the Trade Preference module in GTS is to certify the preferential origin of Solvay finished products. To do so, GTS considers the rule to be applied, according to the tariff code of the finished product. Depending on the rule, GTS might have to control the preferential origin of the components and their weight in the finished product.

The preference calculation consists in aggregating the data related to components, taken into account the weight of each component in the finished product (using the « BOM », Bill of Material) and confronting the result to the relevant preferential rule according to agreement. As the data can change during the year, the calculation is updated 3 times a year.

CTC is responsible for launching the preference calculation in GTS.

Step 5: Issue of customer LTD - from Solvay to its customers

CS EMEA is responsible for issuing and sending a LTD, on request of a customer.

The customer request LTD from customer specialist (CS). CS connects to GTS to "Manage customer LTD" and using article number and sold-to party print LTD from GTS. If LTD doesn't exist or there is a problem concerning data, CS contacts a unique contact within CS EMEA. This person centralise all problems related to customer LTD and know how to deal with them. In case of impossibility to deal with them, this person contacts CTC.

If the product is eligible for preference, LTD is positive. If the product is not eligible for preference, LTD is negative in GTS.

Customer LTD are printed and sent to customer by CS (see [DLT 2015.docx](#)).

CS also archive a copy of LTD sent.

Step 6: Revocation of a LTD

Triggers:

- Revocation of a LTD established by a supplier

In this case CTC maintains the new data in GTS.

- Use of a new non preferential source for a raw material

This is taken into account in GTS because there would be a new Purchase Order in RCS and GTS would recognize that there is a new combination product/supplier. The worst case rule then applies: the raw material would be considered as non preferential.

- Modification of a BOM

BOM are replicated from RCS (production module) to GTS.

Legally, Solvay must inform its clients about any modification of preferential origin concerning Solvay products. Suppliers may also send revocation letters to Solvay for their LTD already established.

Update of the preferential origin

When CTC updates the preference calculation, any new information is taken into account. Impacted finished products (that lost the preferential status during the update of the calculation) appear in the work list for revocation.

Management of the revocation work list

CS EMEA is responsible for checking and emptying the work list for revocation, by sending a revoke letter to the concerned customers.

(See model [Revocation letter.pdf](#))

Step 7: Upload of regulatory update

Regulatory updates (modification of existing agreements, new agreements, etc.) are sent to the generic address of CTC, as part of the contract with the External Data Provider. CTC is responsible for creating a User Request for Master data to upload the file. Master data upload new information in the system.