

Preferential Treatment

On December 24, 2020, a trade agreement was reached between the European Union and the United Kingdom, which is to come into force on January 1, 2021.

This trade agreement regulates in Chapter 2: Rules of origin as well as in the Annex ORIG-1 - ORIG-6 the conditions under which preferential treatment is granted. We would like to explain the essential contents to you as follows without obligation.

Prerequisite for preferential origin treatment:

As could be expected, preferential origin treatment will depend on the determination of the origin of the goods. This means that the preferential origin of goods must be calculated taking into account the list conditions mentioned in Annex ORIG-2: PRODUCT SPECIFIC RULES OF ORIGIN, unless the goods have been completely manufactured in a country which is part of the agreement.

Also, there is no reference to the Pan-Euro-Med Agreement in the agreement so far. As a consequence, tariff concessions are initially only granted for goods with a calculated origin in the EU or the UK.

The following example will illustrate this in more detail:

1. Goods were imported from China into the EU and cleared for free circulation there. These goods are now to be sold and delivered to the UK.

In this case, no preferential origin EU can be confirmed, since it is a commercial good that has not acquired EU origin.

2. Goods were imported from Switzerland with a EUR.1/EURO-MED/declaration of origin on the commercial invoice into the EU and cleared for free circulation there. These goods are now to be sold and delivered to GB.

In this case, no preferential origin EU can be confirmed, since it concerns trade goods which have not acquired EU origin.

As GB has concluded its own preferential agreement with Switzerland, the goods could be delivered to GB with preferential origin Switzerland, provided that they have not been cleared for free circulation in the EU beforehand and have been transported from Switzerland directly to GB.

3. Goods were imported from Turkey with an AT.R into the EU and cleared there for free circulation. These goods are now to be sold and delivered to GB. In this case no preferential origin EU can be confirmed, since it concerns commercial goods, which did not attain EU origin.

As GB has concluded its own preferential agreement with Turkey, the goods could be delivered to GB with preferential origin Turkey, provided that they have not been cleared for free circulation in the EU beforehand and have been transported from Turkey directly to GB.

4. Goods have been sufficiently processed in the EU according to the list conditions (Annex ORIG-2: PRODUCT SPECIFIC RULES OF ORIGIN) and are now to be sold and delivered to the UK.

In this case, a preferential origin EU can be confirmed, whereby the goods can be imported into GB at the customs rate 0% as a rule.

Proof of preferential origin of goods:

a) Exporter's declaration

If preferential origin can be claimed according to the conditions mentioned in point 4 above, the following text is provided for this purpose on a commercial invoice or any other document that sufficiently describes the product.

(Period: from _____ to _____ ⁽¹⁾)

The exporter of the products covered by this document (Exporter Reference No ... ⁽²⁾) declares that, except where otherwise clearly indicated, these products are of ... ⁽³⁾ preferential origin.

..... ⁽⁴⁾

(Place and date)

.....

(Name of the exporter)

¹ If the statement on origin is completed for multiple shipments of identical originating products within the meaning of point (b) of Article ORIG.19(4) [Statement on Origin] of this Agreement, indicate the period for which the statement on origin is to apply. That period shall not exceed 12 months. All importations of the product must occur within the period indicated. If a period is not applicable, the field may be left blank.

² Indicate the reference number by which the exporter is identified. For the Union exporter, this will be the number assigned in accordance with the laws and regulations of the Union. For the United Kingdom exporter, this will be the number assigned in accordance with the laws and regulations applicable within the United Kingdom. Where the exporter has not been assigned a number, this field may be left blank. *Remark: we expect this will be the REX registration number*

³ Indicate the origin of the product: the United Kingdom or the Union.

⁴ Place and date may be omitted if the information is contained on the document itself.

The declaration itself can be made in all national languages according to Annex ORIG-4.

Remark: we assume that a copy of the declaration will be sufficient

b) Declaration of the importer

Another possibility to apply for preferential tariff treatment is the "importer's knowledge" that a product originates from a contracting party. This possibility comes into play mainly when the exporter as well as the importer are related companies.

Subsequent application:

If the exporter does not have a REX registration at the time of export, preferential tariff treatment may be applied for retrospectively in accordance with the requirements set forth in Article ORIG.18a.