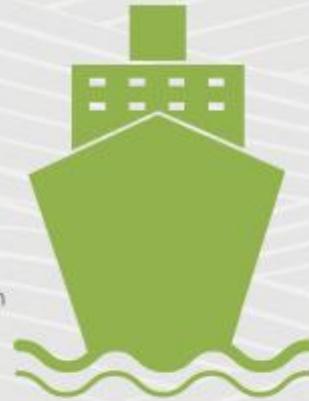


Diversifying to International Markets: Customs & Tariffs

FOOD & DRINK EXPORTS

Source: Bord Bia 2017

The sector recorded the **7th** consecutive year of growth in exports during 2016



37%

of Irish food & drink exports are destined for the UK, valued at **€4.13 billion**



€11.15 billion

the value of Irish food & drink exports, an increase of **2%**



Growth of

41%

or **€3.27 billion** since 2010



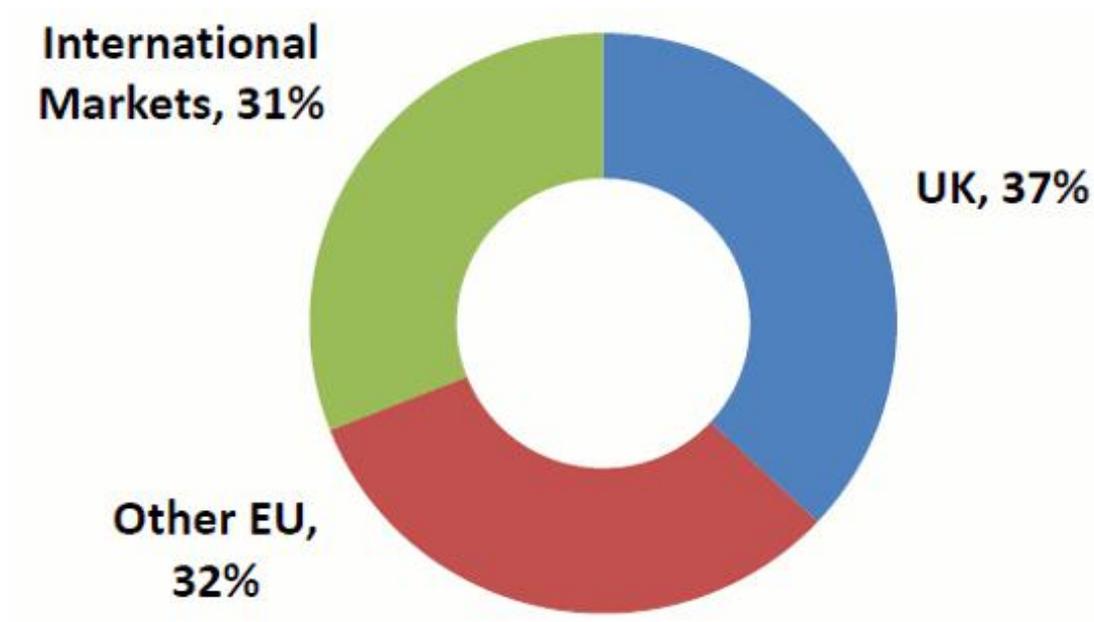
Other EU markets account for **€3.53 bn** or **32%**

Irish food & drink is sold in **180** markets worldwide



International markets account for **€3.49 bn**, or **31%**

Irish Agri-food Exports in 2016



Some figures

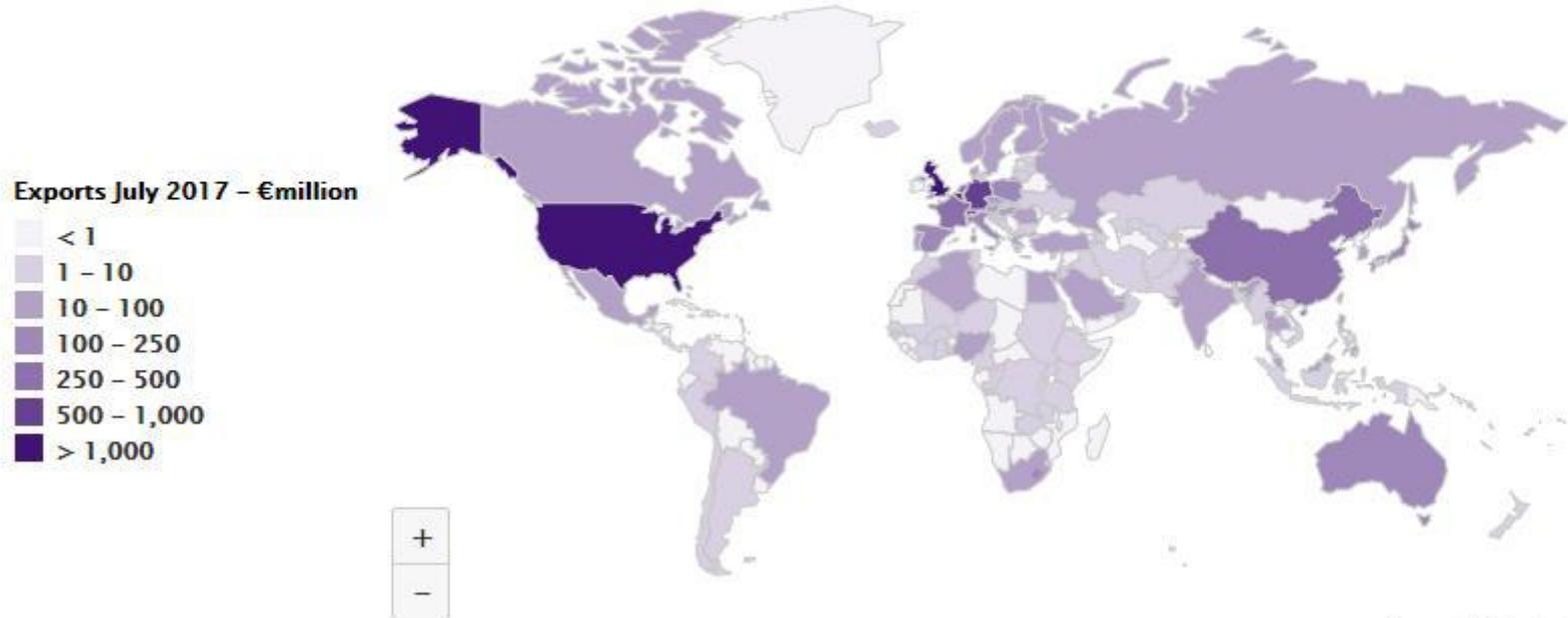
→ In 2016 Exports to International and Emerging markets increased :

- ❖ North America : *+€200 million to reach €1.1 billion*
- ❖ China : *+35% to reach €845 million*
- ❖ Rest of Asia: *+6% to reach €330 million*

Since 2010, international markets have accounted **for half of the growth in total exports**, which reflects the industry's ability to identify and develop new business opportunities.

Export Markets

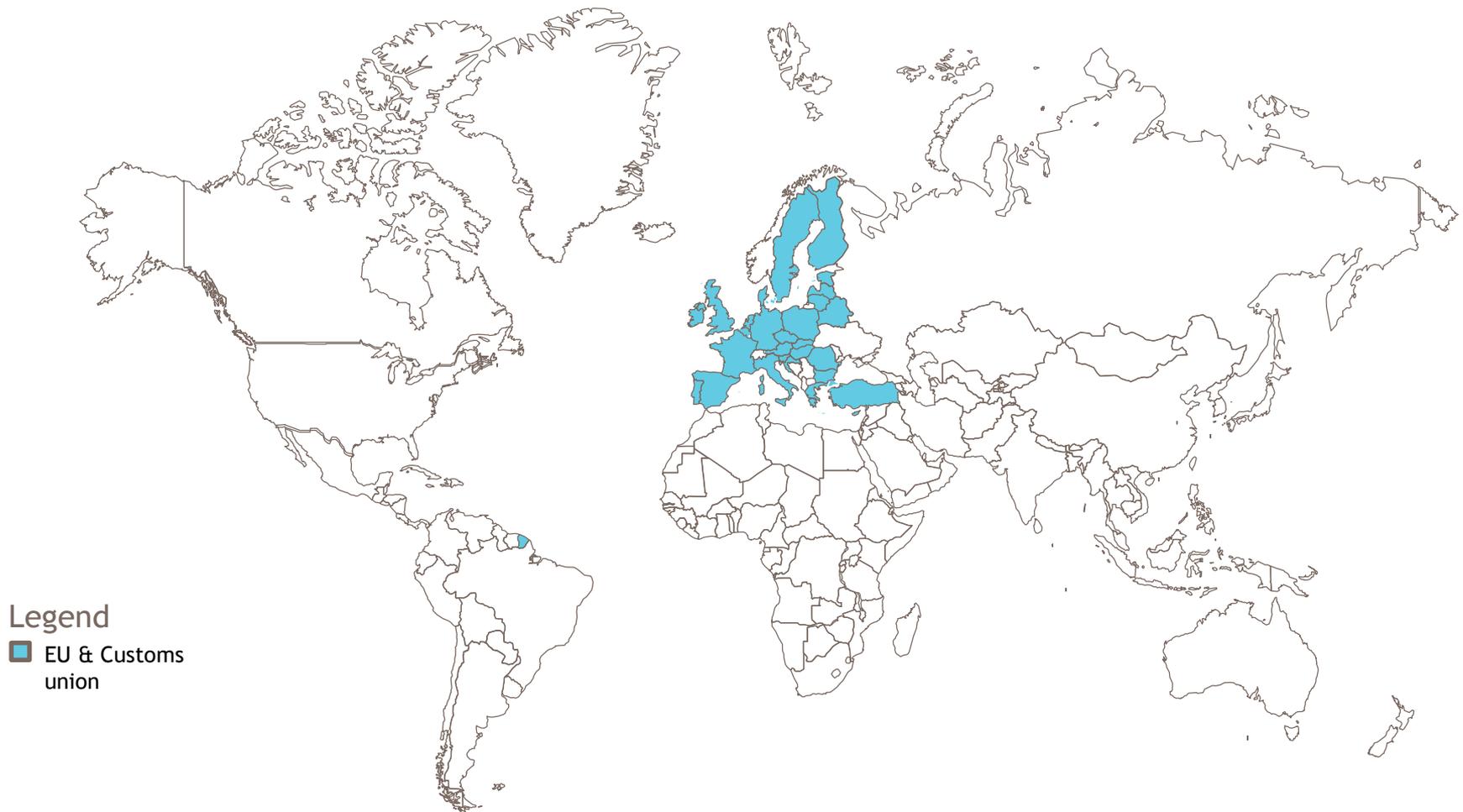
Map 1 Goods exports by country July 2017



Source: CSO Ireland

Value of Irish Agri-Food and drink exports exceeded **€11 billion** in 2016
Corresponds to an expansion of 41% since 2010

EU TRADE: Customs Union



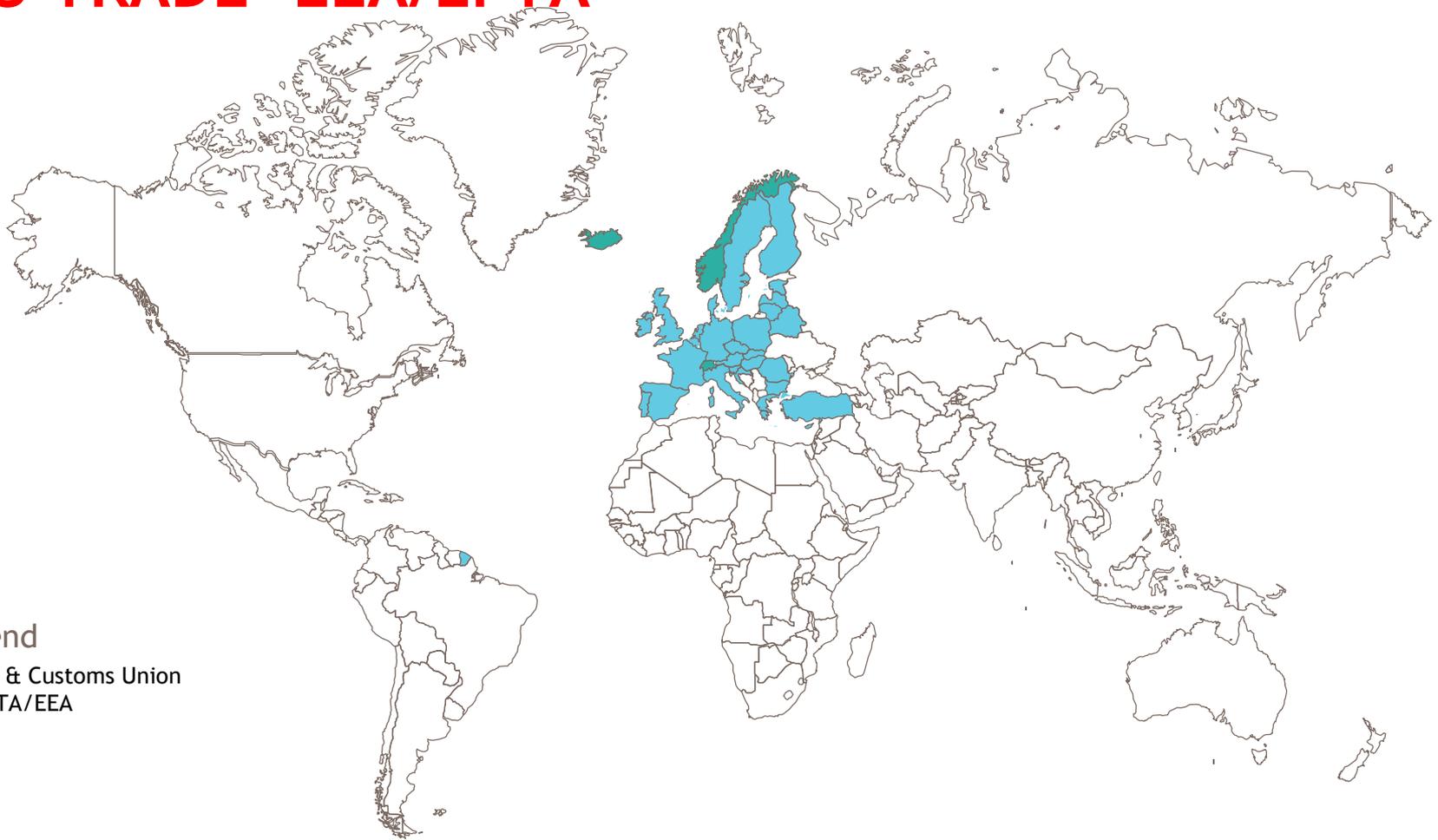
EU TRADE: Customs Union

- The EU is firstly a “*Customs Union*”.
- Common External Tariff
- It also operates as a single, free trading market
- Cooperation between the EU’s 28 Member States is supported by core institutions:
 - the European Council (EU Prime Ministers and Presidents)
 - the European Parliament
 - the Council of the EU (ministers representing each Member State),
 - the Court of Justice of the EU
 - the European Commission
- Negotiates global trade agreements on behalf of all member states
- Includes Turkey for Industrial Goods (but subject to [ATR](#) proof of free circulation status)

EU TRADE: Single Market

- Wider than the Customs Union
- The EU Single Market (or Common Market) is founded on the basis of the four freedoms
 1. Free Movement of Goods - Customs Union
 2. Free Movement of Capital
 3. Free Movement of People
 4. Freedom to establish and provide services
- Requires acceptance of EU rules and ECJ
- Includes EU 28 + Norway, Switzerland, Iceland, Lichtenstein
- Goods benefit from zero/reduced customs duties if they can provide proof of originating status (EUR1)
 - Generally requires 60% added value / Change of Tariff Heading

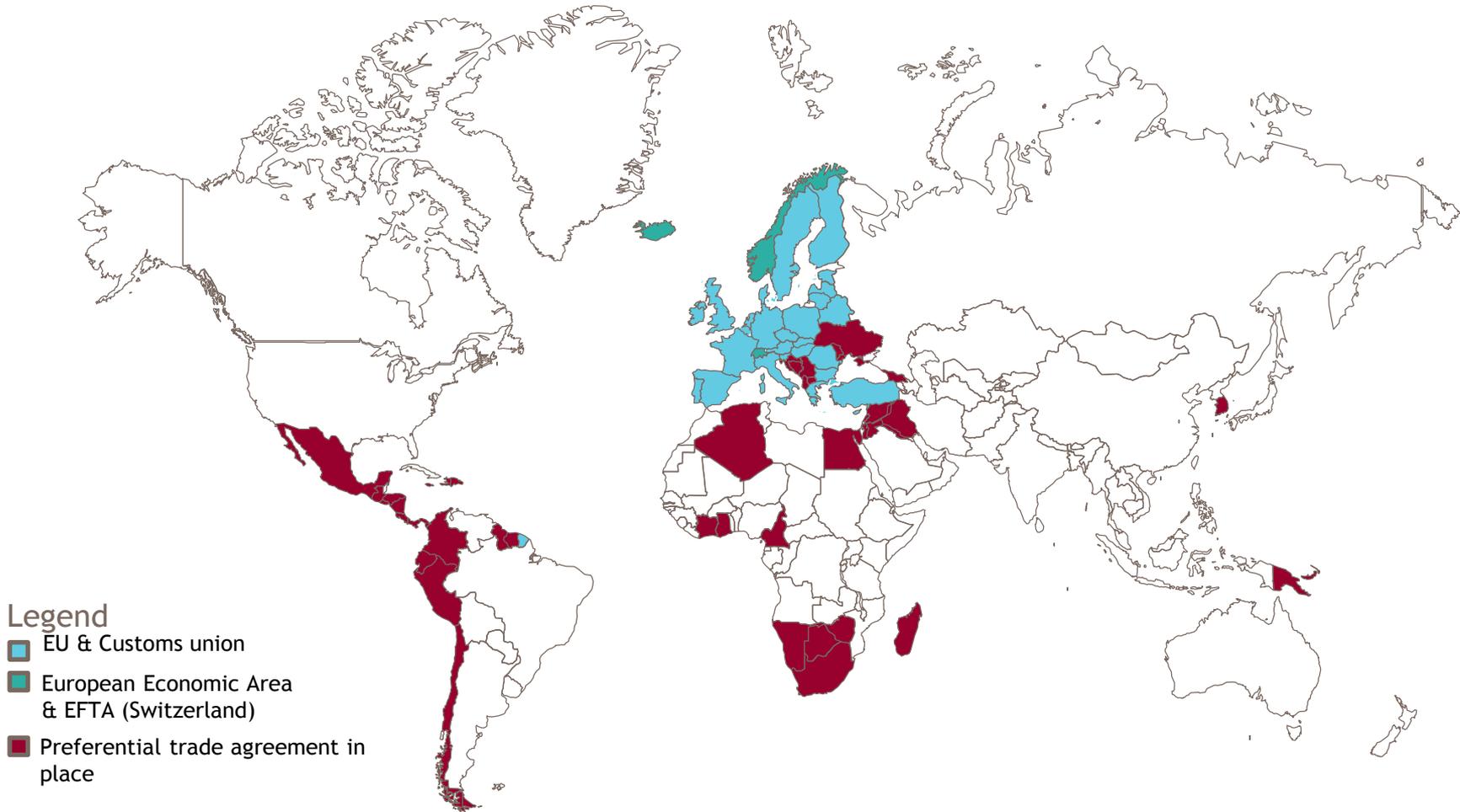
EU TRADE- EEA/EFTA



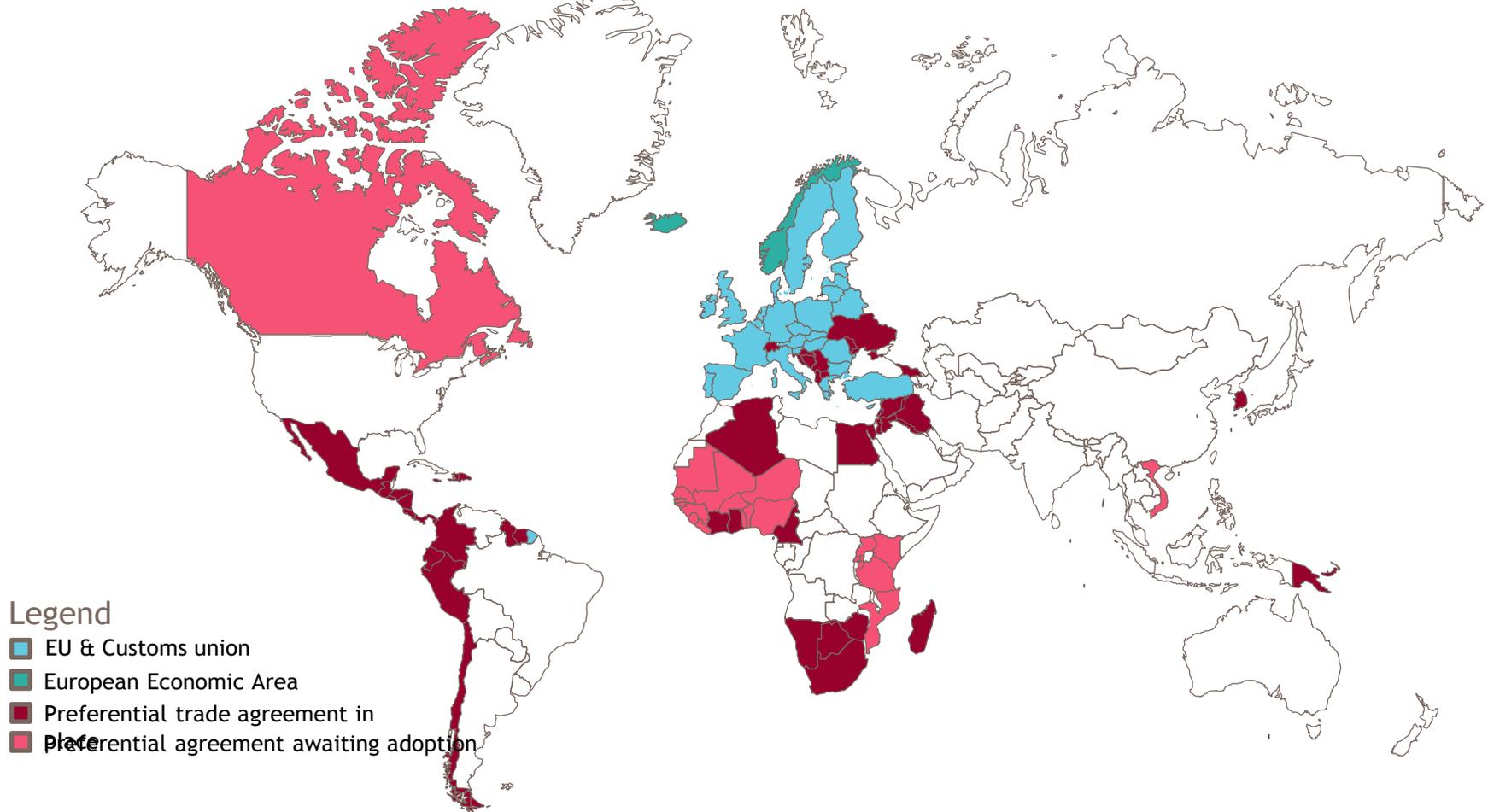
Legend

- EU & Customs Union
- EFTA/EEA

EU TRADE- Trade Agreements



EU TRADE - Extended



Legend

- EU & Customs union
- European Economic Area
- Preferential trade agreement in place
- Preferential trade agreement awaiting adoption

EU TRADE: CETA



Key features of CETA include:

- Eliminates most tariffs: eliminates 98 percent of all tariffs on goods and services between the EU and Canada.
- Cuts red tape
- Reduces barriers to trade
- Provides access to public contracts at all levels
- Improves access for trade in services
- Improves labour mobility
- Promotes and protects investment

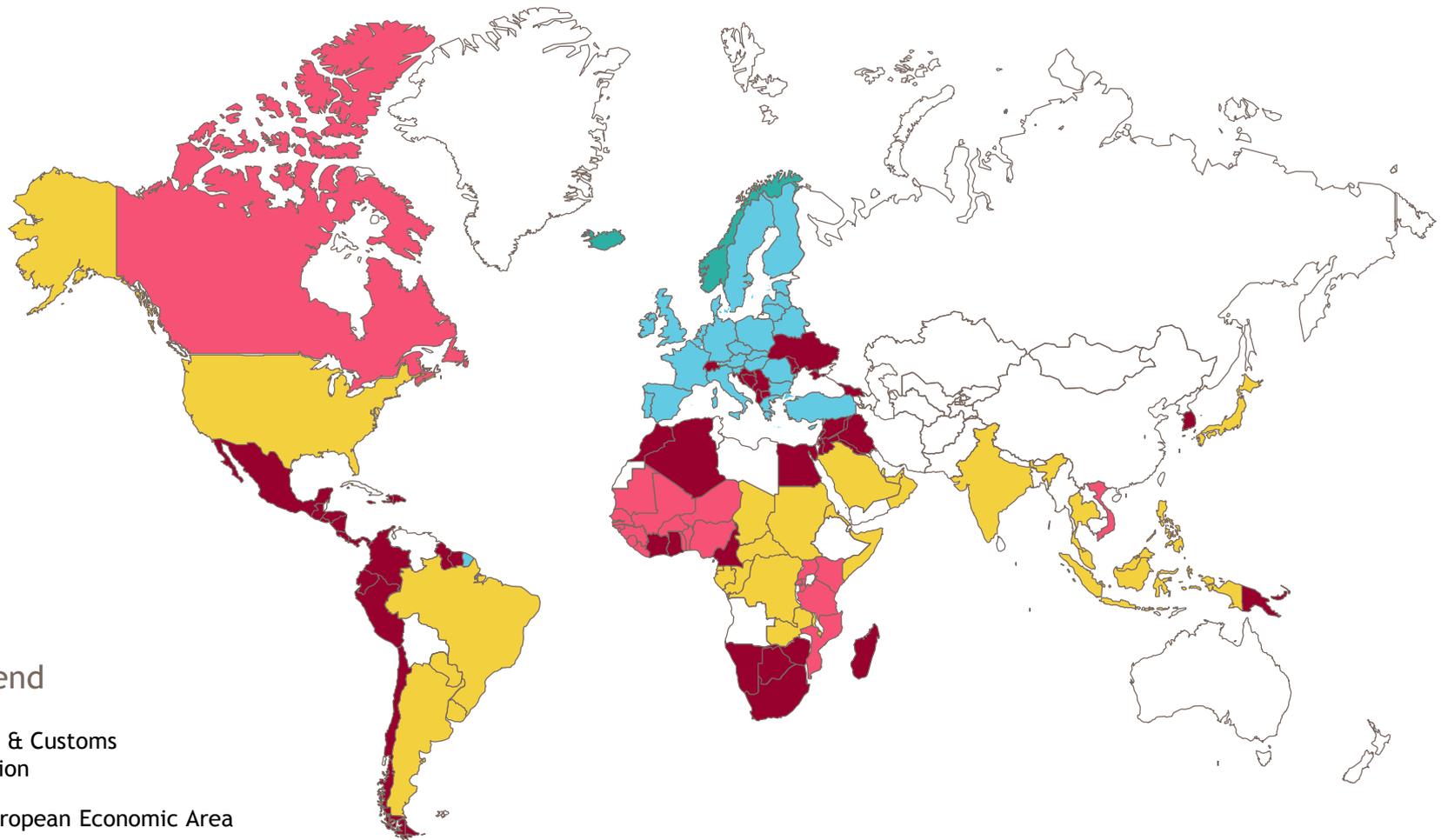
Commissioner Hogan *“once CETA” is fully in place, Europe will be able to export nearly 92% of its agricultural and food products to Canada duty-free”*

On 21 September 2017 CETA entered into force provisionally. As such most of the agreement now applies.

National parliaments in EU countries - and in some cases regional ones too - will then need to approve CETA before it can take full effect.

Exporters need to sign up for REX authorization to qualify (transitional period to 31 December)

EU Trade Agreements



Legend

 EU & Customs union

 European Economic Area

 Preferential trade agreement in place

 Preferential agreement awaiting adoption

 Preferential agreement being negotiated

EU TRADE AGREEMENT TYPES

Turkish Model

- Only a partial Customs Union for goods
- Excludes services, agriculture and public procurement. CJEU supremacy

Swiss Model

- Series of bilateral interdependent sectoral tariff agreements with EU
- Free movement of people and financial contribution to EU

Norway Model

- Remain in free trade area like EFTA members (Norway, Iceland etc.)
- Free movement of people and financial contribution to EU

Canada Model

- Comprehensive Economic and Trade agreement - not 100% coverage
- Financial services and some other goods and services excluded

WTO only

- Tariffs agreed under WTO rules
- No free trade access

ISSUES FOR EXPORTERS

What Customs Issues do Exporters Face?

- Tariffs
- Import VAT/Sales Tax
- Import/Export Compliance requirements
 - Import /Export Declarations
 - Licenses
 - Meeting Regulatory Standards
- Risk of Border Delays
- Supply Chain Costs
- Sector Specific Issues
 1. Food regulations
 2. Import Licenses
 3. Excise

Example - Tariffs and Rates

BREAKFAST CEREAL SHIPPED FROM EU



1904.10.10

0%

Some other requirements:
Norwegian Food Safety Authority Inspection
+ safety, labeling and content requirements



1904.10.10

0%- 4%

Canadian Food Inspection Agency CFIA
inspection + Export Certificate + label
requirements on some products



1904.10.00
FOB

1.1% of
value

FDA inspection + Advance notice of import
shipments + Export Certificate



1904.10.91

5%

Food Control Department of Dubai Municipality
Inspection + label requirements (Arabic & english)
+ health certificate and other certificates (halal
for ex.)



1904.10

25%

CIQ food sanitary inspection
+ pre-import licensing (only poultry &
dairy)

TAKING ADVANTAGE OF TRADE AGREEMENTS

- Preferential Trade Agreements provide reduced duty rates for “originating goods”
- What does “originating” mean
 - Added Value rules (usually 60%-70%)
 - Change of Tariff heading rules
 - More than minimal assembly
 - Specific Rule requirement
- Possible “cumulation of origin”
- ALL BASED ON TARIFF CLASSIFICATIONS

WHAT ARE TARIFF CLASSIFICATIONS?

- Set at WTO Level : Harmonised System of Classification
- Agreed by over 200 countries
- Over 98% of world trade classified this way
- About 5000 commodity codes (HS codes)
- 6 digits harmonised at Global level
- Remainder - national

e.g.

1905

Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products : (TN701)

1905 10

- Crispbread

1905 20

- Gingerbread and the like :

- Sweet biscuits; waffles and wafers :

1905 40

- Rusks, toasted bread and similar toasted products :

1905 90

- Other : (TN084)

1905 90 10

- - Matzos

1905 90 20

- - Communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products :

- - Other :

How to qualify for EU Origin?

1905 Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products

Manufacture from non EU materials of any heading except those of Chapter 11 (wheat)



RULES AND DOCUMENTARY REQUIREMENTS

- Direct Transport to Customer
- Suppliers Declarations of Origin
- EUR1 proof of origin/Invoice Declaration

EXPORT DECLARATION SAMPLE

Consignee and consignor details

INCOTERMS - Box 20

Repeated inaccuracies can lead to customs audit !

EUROPEAN COMMUNITY					OFFICE OF DEPARTURE	
1 Copy to be country of origin/shipment port	1 Originator/Exporter				1 DECLARATION	
	2 Consignee				2 Form	2 Loading date
	3 Consignee				3 Date	3 Total packages
	4 Declaration Regime active				4 Person eligible for financial treatment: No	
	5 Consignee and nationality of means of transport at departure				5 Country of origin	5 Country of destination
	6 Consignee and nationality of means of transport crossing the border				6 Country of origin	6 Country of destination
	7 Mode of transport				7 Mode of transport	7 Country of destination
	8 Mode of transport at the border				8 Mode of transport	8 Country of destination
	9 Mode of transport				9 Mode of transport	9 Country of destination
	10 Mode of transport				10 Mode of transport	10 Country of destination
2 Scope and description of goods	11 Description of goods				11 Commodity Code	11 Commodity Code
	12 Description of goods				12 Commodity Code	12 Commodity Code
	13 Description of goods				13 Commodity Code	13 Commodity Code
	14 Description of goods				14 Commodity Code	14 Commodity Code
	15 Description of goods				15 Commodity Code	15 Commodity Code
	16 Description of goods				16 Commodity Code	16 Commodity Code
	17 Description of goods				17 Commodity Code	17 Commodity Code
	18 Description of goods				18 Commodity Code	18 Commodity Code
	19 Description of goods				19 Commodity Code	19 Commodity Code
	20 Description of goods				20 Commodity Code	20 Commodity Code
3 Declaration of value	21 Declaration of value				21 Declaration of value	21 Declaration of value
	22 Declaration of value				22 Declaration of value	22 Declaration of value
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	24 Declaration of value				24 Declaration of value	24 Declaration of value
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4 Control by office of departure	31 Control by office of departure				31 Control by office of departure	31 Control by office of departure
	32 Control by office of departure				32 Control by office of departure	32 Control by office of departure
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	39 Control by office of departure				39 Control by office of departure	39 Control by office of departure
	40 Control by office of departure				40 Control by office of departure	40 Control by office of departure

Commodity Code - Box 33

Country of origin code - Box 34

Customs Procedure Code - Box 37

EUR1

<small>FORMA</small> CERTIFICAT DE CIRCULATION DES MARCHANDISES <small>FORMA</small>		EUR.1 N° A 2 3969838	
1. Exportateur (nom, adresse complète, pays)		<i>Consulter les notes au verso avant de remplir le formulaire</i>	
3. Destinataire (nom, adresse complète, pays) (mention facultative)		2. Certificat utilisé dans les échanges préférentiels entre _____ et _____ <small>(indiquer les pays, groupes de pays ou territoires concernés)</small>	
6. Informations relatives au transport (mention facultative)		4. Pays, groupe de pays ou territoire dont les produits sont considérés comme originaires	5. Pays, groupe de pays ou territoire de destination
B. Numéro d'ordre ; marques, numéros, nombre et nature des colis¹⁾ ; désignation des marchandises		7. Observations	
9. Masse brute (kg) ou autre mesure (l, m³, etc.)		10. Factures (mention facultative)	
11. VISA DE LA DOUANE Déclaration certifiée conforme Document d'exportation ²⁾ : _____ Modèle _____ n° _____ du _____ Bureau de douane : _____ Pays ou territoire de délivrance : _____ À _____, le _____ _____ (Signature)		12. DÉCLARATION DE L'EXPORTATEUR Je soussigné déclare que les marchandises désignées ci-dessus remplissent les conditions requises pour l'obtention du présent certificat. À _____, le _____ _____ (Signature)	

1) Pour les expéditions en unités, indiquer le nombre d'objets ou emballages et en quel.

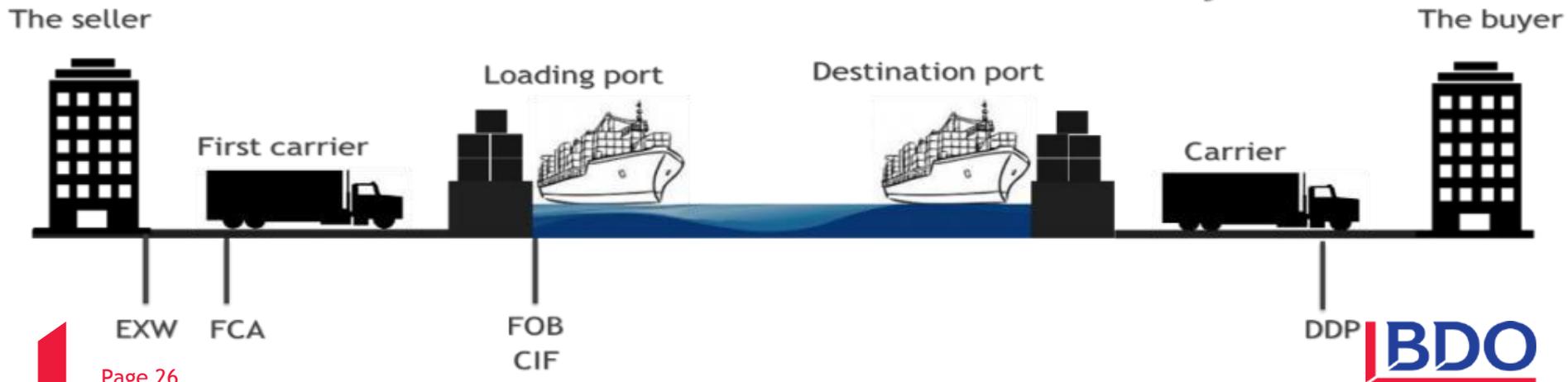
2) À remplir seulement lorsque les règles nationales du pays ou territoire d'exportation l'exigent.



Inco Terms

- International commercial terms used in the assignment of costs and responsibilities between buyers and sellers
- Established by the International Chamber of Commerce to provide a framework when dealing with matters of sales contracts such as:
 - arranging and paying for transportation;
 - customs clearance;
 - duty and VAT payments;
 - arranging necessary documentation and
 - agreeing on the point where risk and insurance responsibility is passed over from the seller to the buyer.

Transfer of risk from the seller to the buyer



Inco Terms

11 Terms

Most Important however:

EXW (Ex Works)

- minimum obligation to the seller who makes available goods at the premises in order for the buyer to collect.

FCA/FOB- seller delivers the goods to a carrier appointed by the buyer however the buyer is responsible after that.

- FCA (Free Carrier)
- FOB (Free on Board)

CIF - Cost, Insurance and Freight paid by seller to....

DAP - bears all risk to the agreed destination.

DDP (Delivery Duty Paid)- Seller fully responsible

Sector Specifics



Food Regulations

Regulation (EC) No 178/2002

‘It is necessary to ensure that food and feed exported or re-exported from the Community complies with Community law or the requirements set up by the importing country.

However, it is necessary to ensure that even where there is agreement of the importing country, food injurious to health or unsafe feed is not exported or re-exported’

Foodstuffs Export Requirements

Exporters must contact the **Department of Agriculture, Food and the Marine (DAFM)** when exporting foodstuffs such as meat, poultry meat, eggs and egg products, milk and milk products, honey



The **Sea-Fisheries Protection Authority (SFPA)** should be contacted when exporting fish and fishery products.





Export Certificate

For foods of **non-animal origin** being exported from Ireland to countries outside the EU, importing countries *may* require an **Export Certificate**

- also known as a Certificate of Health, Certificate of Manufacture & Free Sale, Certificate of Export, Certificate of Fitness for Human Consumption or Sanitary Certificate

This will depend on:

- Foodstuffs being exported
- Local controls in the importing country

Export Certificate

The environmental Health Service of the Health Service Executive (HSE) are responsible for issuing Export certificates

APPLICATION FORM FOR AN EXPORT CERTIFICATE FOR FOOD OF NON-ANIMAL ORIGIN						
PART A BUSINESS DETAILS						
Name of Applicant/FBO:						
Contact Name:						
E-Mail Address:						
Date of Application:						
<i>Please complete all relevant sections of this form. Failure to do so may result in a delay in the issuing of certificates.</i>						
Exporter's Name & Address:						
Country of Destination:						
Importer's Name & Address:						
Total No. of Certificates Required:						
ACCOMPANYING DOCUMENTATION:		<i>Please specify as appropriate using ✓:</i>				
		Previously sent to HSE	Attached	Not Applicable		
1. Laboratory analysis report(s)						
2. Product label(s)						
3. List of ingredients (unless specified on label)						
4. Commercial documentation						
5. Letter from competent authority in exporting country re: product / label						
6. Letter from competent authority re: manufacturer						
7. Third party audit report re: manufacturer						
PART B PRODUCT DETAILS						
Product Name(s):	Product Description	Manufacturer's Name & Address (if different to exporter):	Quantity (please specify units):	Other: Lot Identifier / Batch or Product Code / Order or Invoice no. / Best Before Date (BBE) / Date of Manufacture (DOM) etc (please specify):	No. of Certs per Product (if individual cert is required):	
PART C ADDITIONAL INFORMATION						
Reason for requesting certificate:						
Additional comments/information to be included on the certificate:						
FOR OFFICE USE ONLY						
Application Received By:						
Date Received:						
Export Certificate Issued By:						
Export Certificate Issue Date:						
Export Certificate Number(s):						

Other Potential Requirements

Goods may have to comply with performance requirements before they can be sold, or even imported, into third countries, including:

- Health & Sanitary requirements
- **Phytosanitary certificate** issued by the relevant plant health authority
- Labelling as to origin, composition and quality of food products.
- Technical standards.
- Language requirements for labels.
- Retail unit packs, transit packs and marking on packing cases may also have to comply with specific rules.

➔ **Varies with the countries of destination and the product exported - make sure to be in compliance with the country of destination customs rules.**

Trusted Trader Status (AEO)



“AEO”

- Introduced in 2005 by the World Customs Organisation (WCO) as part of the “SAFE” programme
- Introduced by the EU in 2008
- C-TPAT in the US (since 2001)
- On an International Basis currently over 50 countries participating

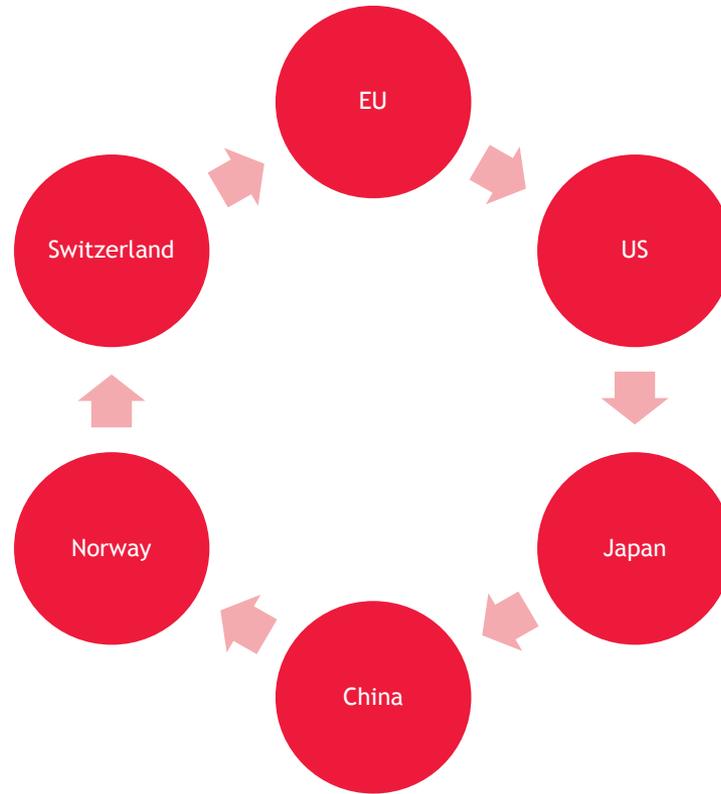


AEO-EU

The Authorised Economic Operator programme in the EU has a two fold aim

- 1) To secure the International Supply Chain and **enhance security** through granting recognition to **certified reliable operators** to encourage best practice at all levels in the international supply chain.
- 2) To provide a standardised EU approach to granting customs simplifications across the EU on the basis these will only be provided to AEO Applicants who have passed the Customs Aspect of the Assessment

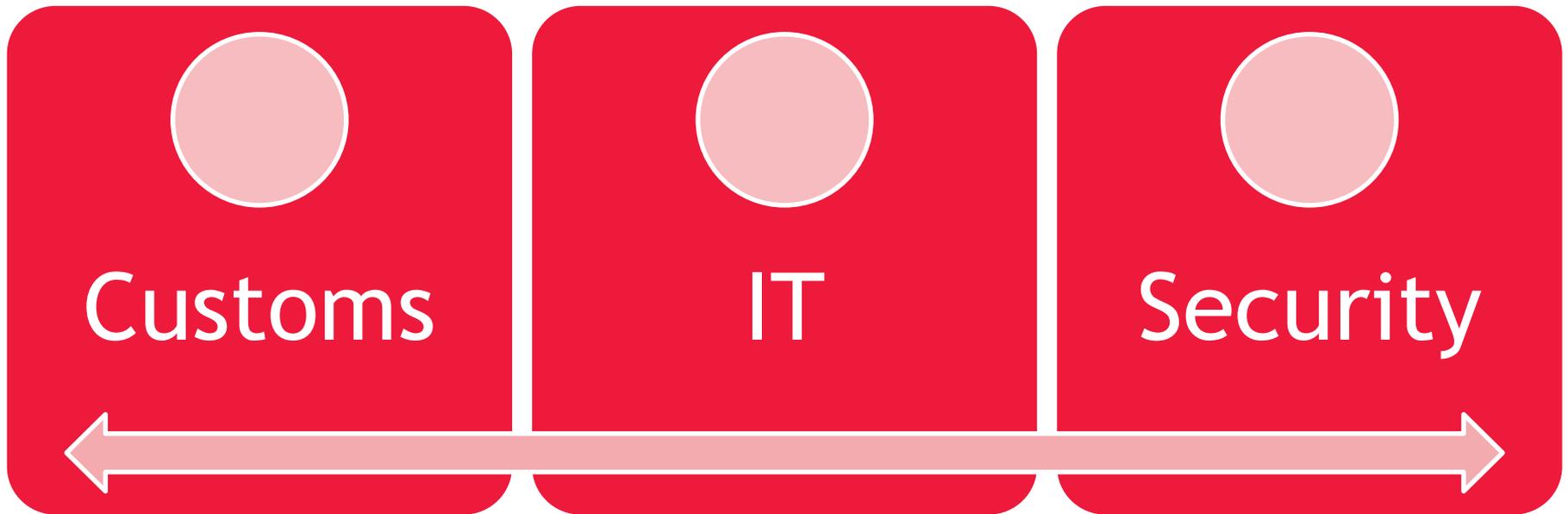
Mutual Recognition



AEO Benefits

Benefit	AEOC	AEOS
Easier admittance to customs simplifications	X	
•Fewer physical and document-based controls related to security & safety •related to other customs legislation	X	X
Prior notification in case of selection for physical control (related to safety and security)		X
Prior notification in case of selection for customs control (related to other customs legislation)	X	
Priority treatment if selected for control	X	X
Possibility to request a specific place for customs controls	X	X
Indirect benefits (Recognition as a secure and safe business partner, Improved relations with Customs and other government authorities; Reduced theft and losses; Fewer delayed shipments; Improved planning; Improved customer service; Improved customer loyalty; Lower inspection costs of suppliers and increased co-operation etc.)	X	X
Mutual Recognition with third countries		X

AEO - Self Assessment Questionnaire



Conclusion



Action Plan

- Confirm supply chain
- Identify products affected,
- Determine tariff classifications,
- Assign worst and best case duty rates
- Determine cost of customs compliance based on current trading scenarios
- Review contracts and terms of trade : Inco Terms
- Determine options for alternative supply chain routes
- Assess requirements for new customs procedures
- Review AEO/ Trusted Trader Status





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THANK YOU