



Brussels, 4 June 2018

**NOTICE TO STAKEHOLDERS**  
**WITHDRAWAL OF THE UNITED KINGDOM AND EU RULES IN THE FIELD OF CUSTOMS**  
**AND EXTERNAL TRADE**

**PREFERENTIAL ORIGIN OF GOODS**

The United Kingdom submitted on 29 March 2017 the notification of its intention to withdraw from the Union pursuant to Article 50 of the Treaty on European Union. This means that, unless a ratified withdrawal agreement<sup>1</sup> establishes another date, all Union primary and secondary law will cease to apply to the United Kingdom from 30 March 2019, 00:00h (CET) ('the withdrawal date').<sup>2</sup> The United Kingdom will then become a 'third country'.<sup>3</sup>

Preparing for the withdrawal is not just a matter for EU and national authorities but also for economic operators.

Economic operators are reminded<sup>4</sup> of the legal repercussions concerning rules of origin for preferential treatment of goods, which need to be considered when the United Kingdom becomes a third country.<sup>5</sup>

In particular, as of the withdrawal date, **the EU preferential trade arrangements with third countries in the field of the common commercial policy and customs no longer apply to the United Kingdom.**<sup>6</sup>

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<sup>1</sup> Negotiations are ongoing with the United Kingdom with a view to reaching a withdrawal agreement.

<sup>2</sup> Furthermore, in accordance with Article 50(3) of the Treaty on European Union, the European Council, in agreement with the United Kingdom, may unanimously decide that the Treaties cease to apply at a later date.

<sup>3</sup> A third country is a country not member of the EU.

<sup>4</sup> This notice complements the information on rules of origin in the "*Notice to stakeholders – withdrawal of the United Kingdom and EU rules in the field of customs and indirect taxation*" of 30 January 2018 ([https://ec.europa.eu/info/brexit/brexit-preparedness\\_en](https://ec.europa.eu/info/brexit/brexit-preparedness_en)).

<sup>5</sup> For certain movements of goods that have started before and end on or after the withdrawal date, the EU aims at agreeing solutions with the United Kingdom in the withdrawal agreement on the basis of the EU's position on Customs related matters needed for an orderly withdrawal of the United Kingdom from the Union ([https://ec.europa.eu/commission/publications/position-paper-customs-related-matters-needed-orderly-withdrawal-uk-union\\_en](https://ec.europa.eu/commission/publications/position-paper-customs-related-matters-needed-orderly-withdrawal-uk-union_en)). The position paper also addresses administrative cooperation procedures on or after the withdrawal date between the EU-27 and the United Kingdom related to facts that have occurred prior to the withdrawal date (for example, mutual assistance related to the verification of proofs of origin). These arrangements will, however, only apply if a withdrawal agreement is signed and ratified by the EU and the UK before the withdrawal date.

## 1. BACKGROUND ON PREFERENTIAL ORIGIN

As part of the EU common commercial policy, the EU has **preferential trade arrangements** with third countries, such as Free Trade Agreements (FTAs) and the Generalised Scheme of Preferences<sup>7</sup> (GSP).<sup>8</sup>

**Goods exported from the EU** may benefit from preferential tariff treatment in an EU FTA partner country when they have EU preferential origin, i.e. they are either ‘wholly obtained’ in the EU or they are manufactured in the EU totally or partially from materials which are subject to working or processing fulfilling certain requirements (‘product specific rules’).

**Goods imported into the EU** from third countries with which the EU has preferential trade arrangements receive preferential tariff treatment if they comply with preferential rules of origin. For the purpose of determining the preferential origin of goods manufactured in a third country with which the EU has a preferential trade arrangement, EU originating inputs (materials and, in some arrangements, processing operations) incorporated in those goods are deemed to be originating in that third country (cumulation of origin).

The rules and procedures for the **determination of a preferential origin** are contained in the respective preferential trade arrangements and may vary depending on these arrangements.<sup>9</sup> For the determination of preferential origin, the EU is considered as a single territory, no distinction being made between Member States. Therefore, United Kingdom inputs (materials or processing operations) currently account as ‘EU content’ for the determination of the EU preferential origin of goods.

The **origin of the goods is certified** either by governmental authorities (‘certificates of origin’) or by the exporters themselves (subject to prior authorisation or registration), through ‘declarations’ or ‘statements’ on origin made out on commercial documents. The origin of goods may be subject to verification by the exporting party, upon request from the importing party.

To provide evidence of compliance with origin requirements, the exporter obtains from its suppliers supporting documentation (such as ‘supplier’s declarations’) that

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<sup>6</sup> In case an agreement is reached on transitional arrangements in a possible withdrawal agreement, the Union will notify the other parties to the international agreements (including agreements that provide for preferential tariff treatment) concluded by the Union, or by Member States on its behalf or by the Union and its Member States acting jointly that, during the transition period, the United Kingdom is to be treated as a Member State for the purposes of these agreements.

<sup>7</sup> [http://ec.europa.eu/trade/policy/countries-and-regions/development/generalised-scheme-of-preferences/index\\_en.htm](http://ec.europa.eu/trade/policy/countries-and-regions/development/generalised-scheme-of-preferences/index_en.htm).

<sup>8</sup> With regard to the issues set out in this notice (effect of United Kingdom input when determining the preferential origin for tariff treatment), the preferential tariff treatments in the Generalised Scheme of Preferences may be in practice less relevant than Free Trade Agreements. However, for the sake of completeness, both aspects are addressed in this notice.

<sup>9</sup> A list of all EU preferential arrangements with third countries is available here: [https://ec.europa.eu/taxation\\_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list\\_en](https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list_en).

allow for the **traceability** within the EU of the production processes and supplies of materials until the export of the final product.<sup>10</sup>

## 2. CONSEQUENCES OF THE WITHDRAWAL OF THE UNITED KINGDOM

As of the withdrawal date, the United Kingdom becomes a third country to which the EU preferential trade arrangements with third countries cease to apply. United Kingdom inputs (materials or processing operations) are considered as ‘non-originating’ under a preferential trade arrangement, for the determination of the preferential origin of goods incorporating those inputs. This means the following:

- **Goods exported from the EU:**

As of the withdrawal date, an EU FTA partner country may consider that goods having an EU preferential origin before the withdrawal date no longer qualify at the moment of their importation in that third country, due to United Kingdom inputs not being considered as ‘EU content’.

As of the withdrawal date, in case of verification of the origin of goods exported to a third country under preferential treatment, the exporters in the EU-27 may, upon request from that third country, have to prove the EU origin of the goods taking into account that United Kingdom inputs no longer account as ‘EU content’.

- **Goods imported into the EU:**

United Kingdom inputs incorporated in goods obtained in third countries with which the EU has preferential trade arrangements and imported into the EU as of the withdrawal date will be ‘non-originating’, in particular in a context of cumulation of origin with the EU.

As of the withdrawal date, in case of verification of the origin of goods imported into the EU, exporters in third countries may have to prove the EU preferential origin of the imported goods.

## 3. ADVICE TO STAKEHOLDERS

- **Goods exported from the EU:**

To address the abovementioned consequences, EU-27 exporters and producers, intending to claim preferential tariff treatment in an EU FTA partner country as from the withdrawal date, are advised to:

- treat any United Kingdom inputs as ‘non-originating’ when determining the EU preferential origin of their goods; and
- take appropriate steps to be able to prove the EU preferential origin of their goods, in case of subsequent verification, without taking account of any United Kingdom inputs as ‘EU content’.

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<sup>10</sup> To this end, EU exporters and producers use dedicated accounting systems, records and supporting documents, in their possession in the EU.

- **Goods imported into the EU:**

EU-27 importers are advised to ensure that the exporter is able to prove the EU preferential origin of the imported goods, taking account of the consequences of the withdrawal of the United Kingdom.

The websites of the Commission on taxation and customs union ([https://ec.europa.eu/taxation\\_customs/business/calculation-customs-duties/rules-of-origin/general-aspects-preferential-origin\\_en](https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-of-origin/general-aspects-preferential-origin_en)) and external trade (Market Access Database) ([http://madb.europa.eu/madb/rulesoforigin\\_preferential.htm](http://madb.europa.eu/madb/rulesoforigin_preferential.htm)) provide more information on the preferential origin of goods. The relevant pages will be updated with further information, whenever available.

European Commission  
Directorate-General Taxation and Customs Union  
Directorate-General for Trade