

# ABDURRAHAM DEMIR

- Customs Compliance & Control Manager
- DHL Customs Service

## Managing Customs Operations in an uncertain Environment



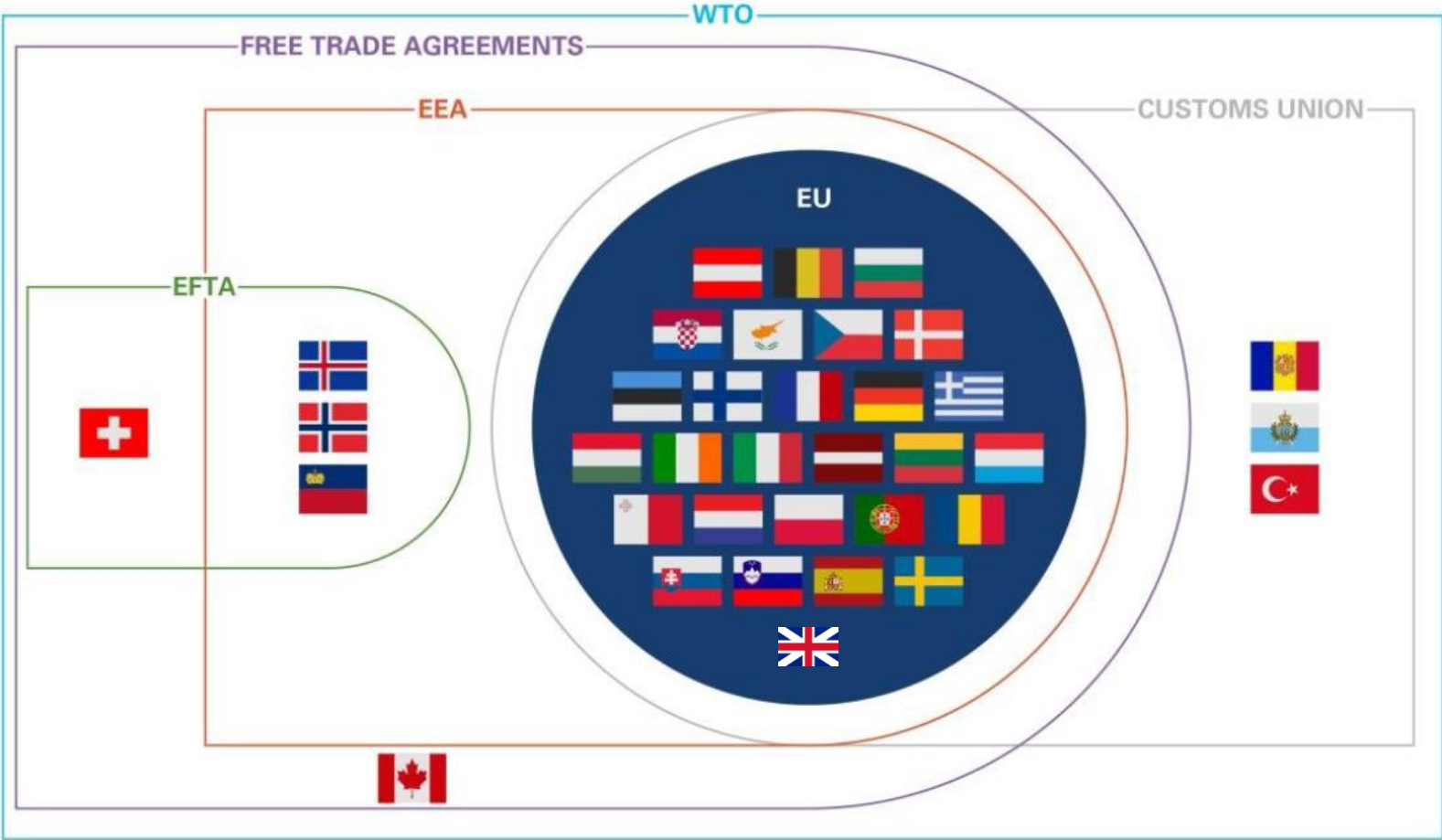
# Agenda

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- 1 Customs Union & Free Trade Area**
- 2 Impact on Supply Chains due to Implementation of ROO
- 3 How can We Support for Alignment ?



# Economic Integration in Europe



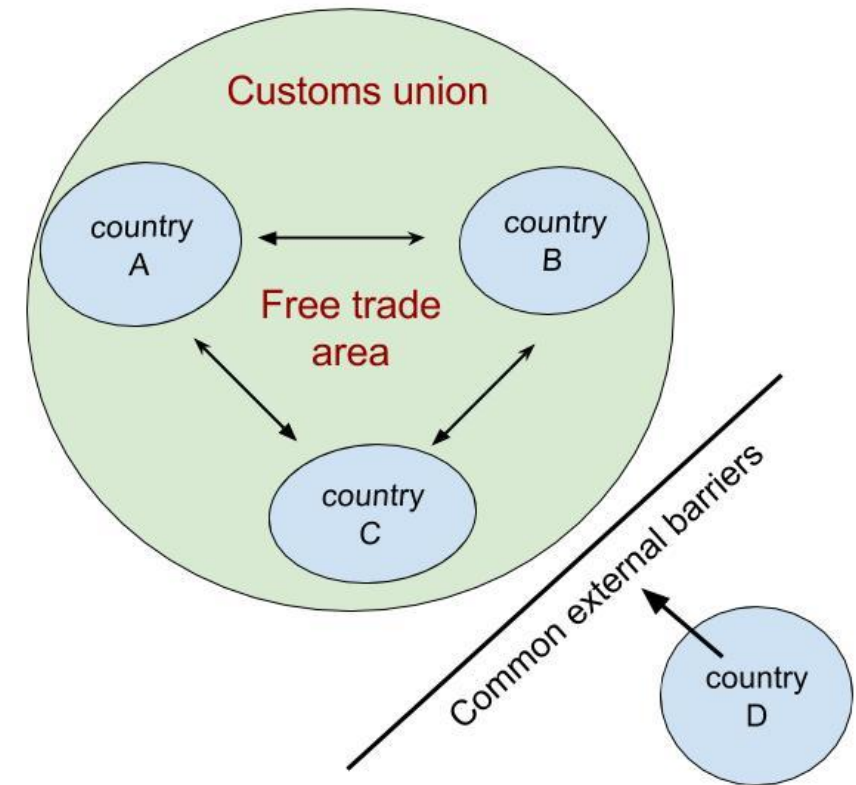
## What makes Customs Union different ?

### Customs Union

- **Free circulation** of goods
- Common customs tariff
- Common trade policy

### Free Trade Area

- Defined **origin rules**
- No Common customs tariff
- No Common trade policy



## Is CU Unique ?

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### Customs Union

- Free circulation of goods
- Originating goods
- Non-originating imported goods

### Free Trade Area

- Defined origin rules
- Originating goods
- Gain originating status



## No-Drawback Rule

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### Customs Union

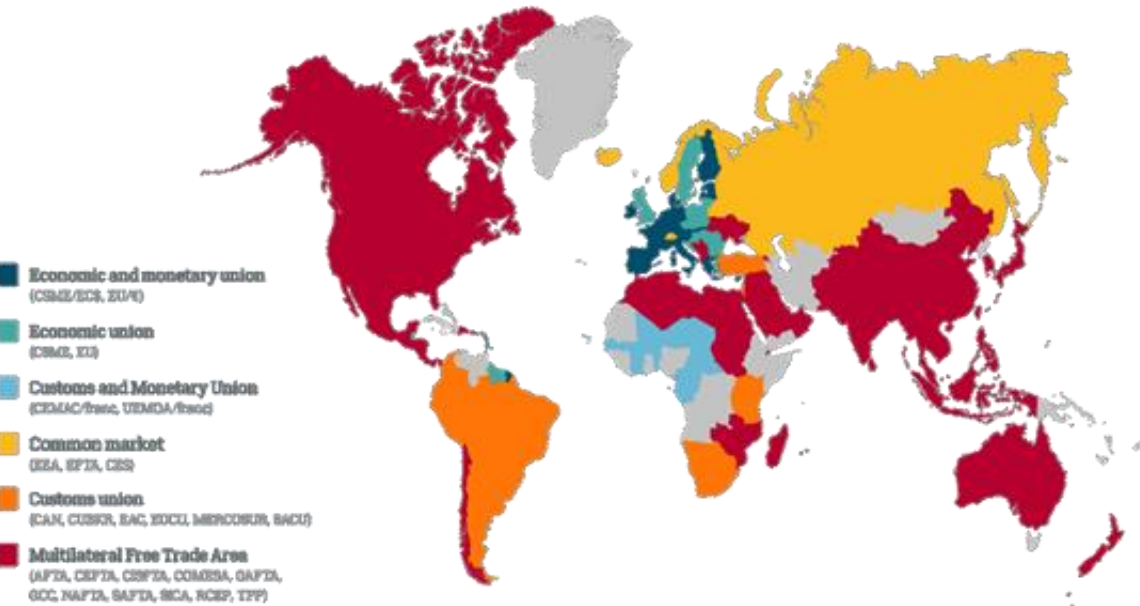
- **Free circulation** of goods
- Non-originating imported goods
- Collection of import duties

### Free Trade Area

- Defined **origin rules**
- Gain originating status
- No drawback rule

# Free Trade Area (Preferential Tariff Regime)

Global economic integration



## RoO for only Originating Materials

- Any working or processing carried out on the originating product must go **beyond the minimal operations**
- The origin of the final product shall be allocated to the country **contributing the highest value**

## RoO for 3<sup>rd</sup> Party Materials

- The products must undergo sufficient working or processing
- Relevant list rule

## What are Other Arrangements Related to Rules of Origin (RoO) ?



European Economic Area (EEA)

Full cumulation

European Free Trade Area (EFTA)

Bilateral Cumulation

Pan Euro-Mediterranean Cumulation Convention

Diagonal Cumulation

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# The Impact of a Hard Brexit: A 'WTO Outcome' Generates Tariff

## ▼ Automotive

- **10%** Tariff on Cars
- **4.5%** on components

## ▼ Fashion

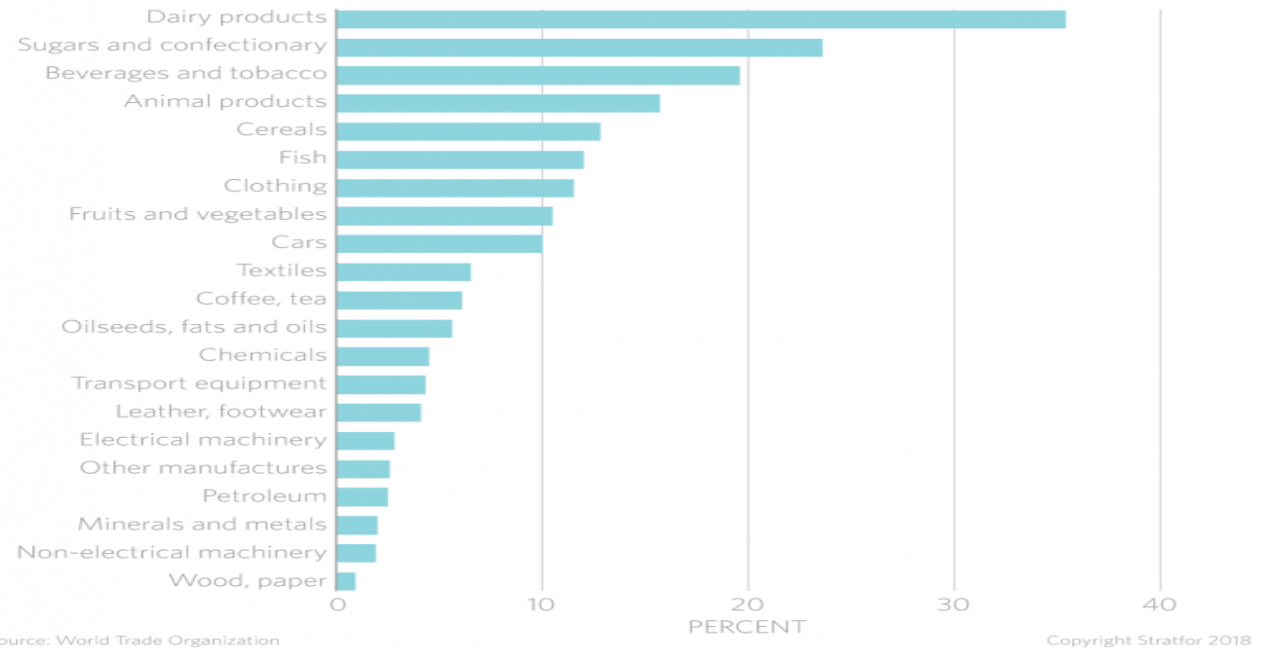
- UK textiles: **12%** (average)

## ▼ Food and Drink

- Agricultural food: **22%**
- Meat: **48%**, Fish: **23%**
- Dairy: **42%**, Coffee/Tea: **5%**
- Sugar/Confectionary: **25%**
- Beverages/Tobacco: **20%**

### EU Import Tariffs, by Category

Without a trade agreement, goods imported into the European Union are subject to the bloc's common external tariff. Tariff rates for different goods vary greatly. Should the European Union and the United Kingdom fail to reach a trade deal, British exports to the bloc would be subject to these tariffs.



## Rules of Origin

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# RoO for Motor Vehicles

List of working or processing required to be carried out on non-originating materials in order for the product manufactured to obtain originating status

HS heading	Description of product	Working or processing, carried out on non-originating materials, which confers originating status	
(1)	(2)	(3) or (4)	
ex Chapter 87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof; except for:	Manufacture in which the value of all the materials used does not exceed <b>40 %</b> of the ex-works price of the product	

Source : REGIONAL CONVENTION on Pan-Euro-Mediterranean preferential rules of origin (ANNEX II)



# UK Automotive Industry Integrated with EU and Other Countries

## UK Car Industry Inputs and Outputs



Source: Institute for Government analysis of the World Input-Output Database

The UK's integration into global supply chains is in two dimension :

- **Downstream integration** :  
Component imported by the UK from other countries to be used for further production
- **Upstream integration** :  
Components exported by the UK to other countries to be used for further production

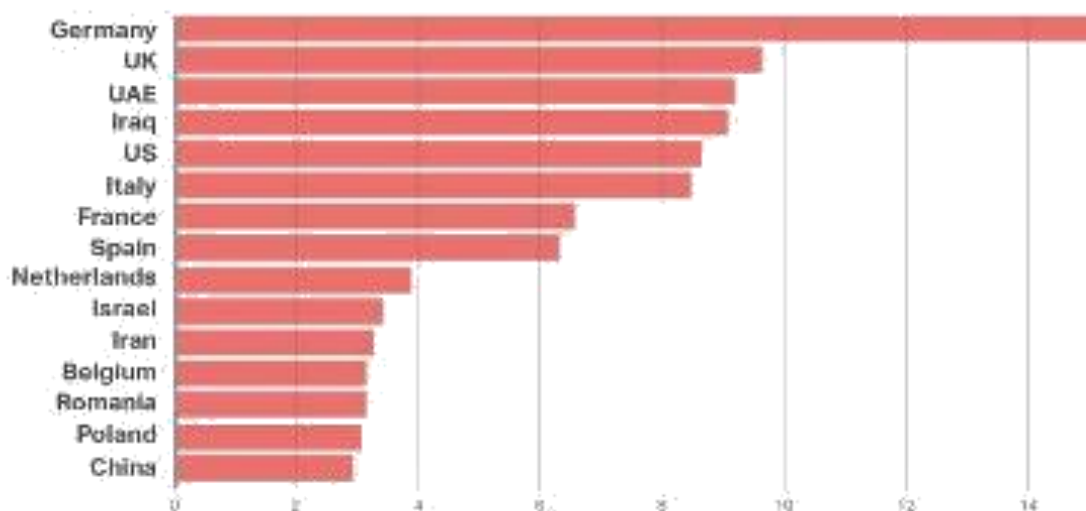
## Exports from Turkey to UK

- **Road motor vehicles** : 24% of total exports
  - UK components in Turkish exports : 06% of total exports
- Textile and Textile articles : 22% of total exports
- Electrical machinery and equipment : 12% of total exports

### Turkey's top exports destination

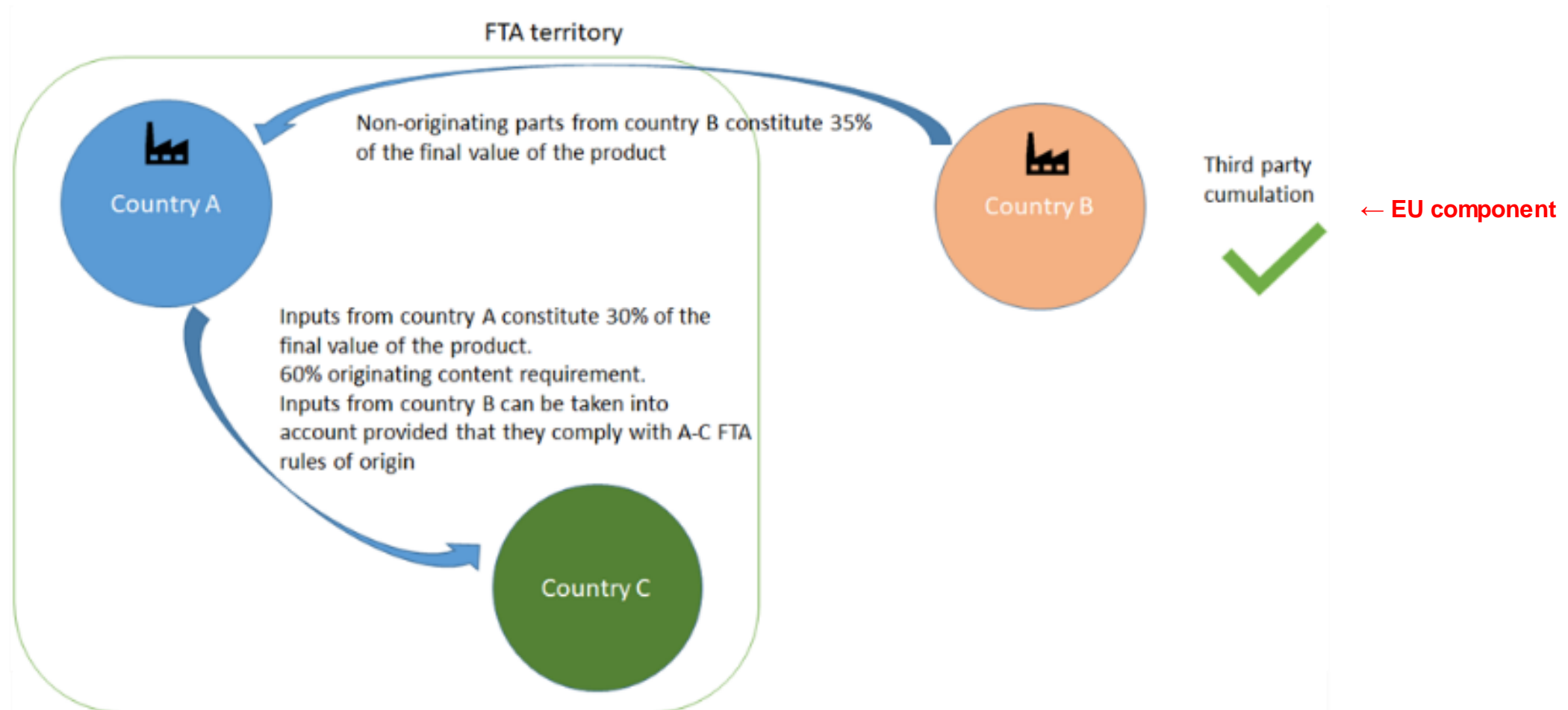
2017, \$bn

TRT WORLD



Source: Turkey Statics Office

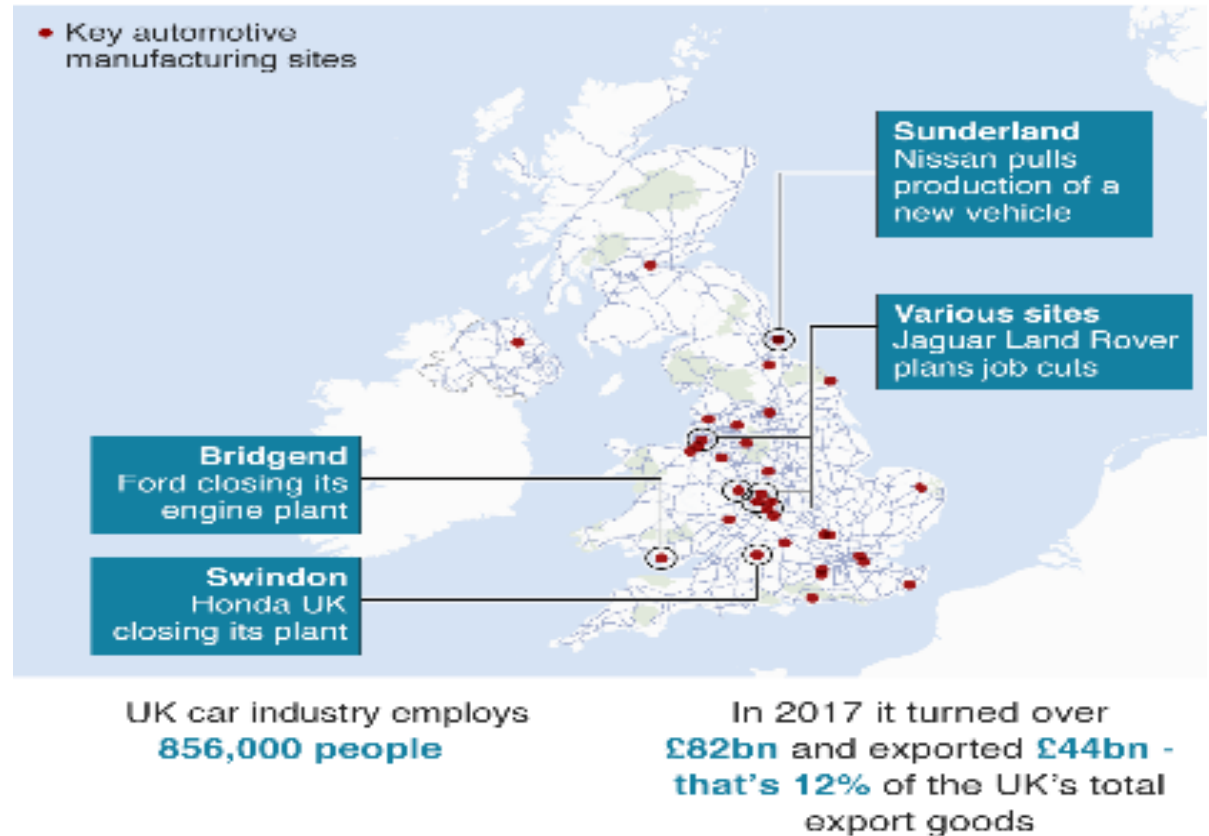
## The UK-Switzerland Trade Agreement Could be a Model ?



## What does EU-Japan Trade Agreement Mean for Automotive Industry in UK ?

The Economic Partnership Agreement (EPA)  
between the EU and Japan entered into force on  
**1 February 2019**

### Cars are made across the UK



Source: Society of Motor Manufacturers and Traders

BBC

# Agenda

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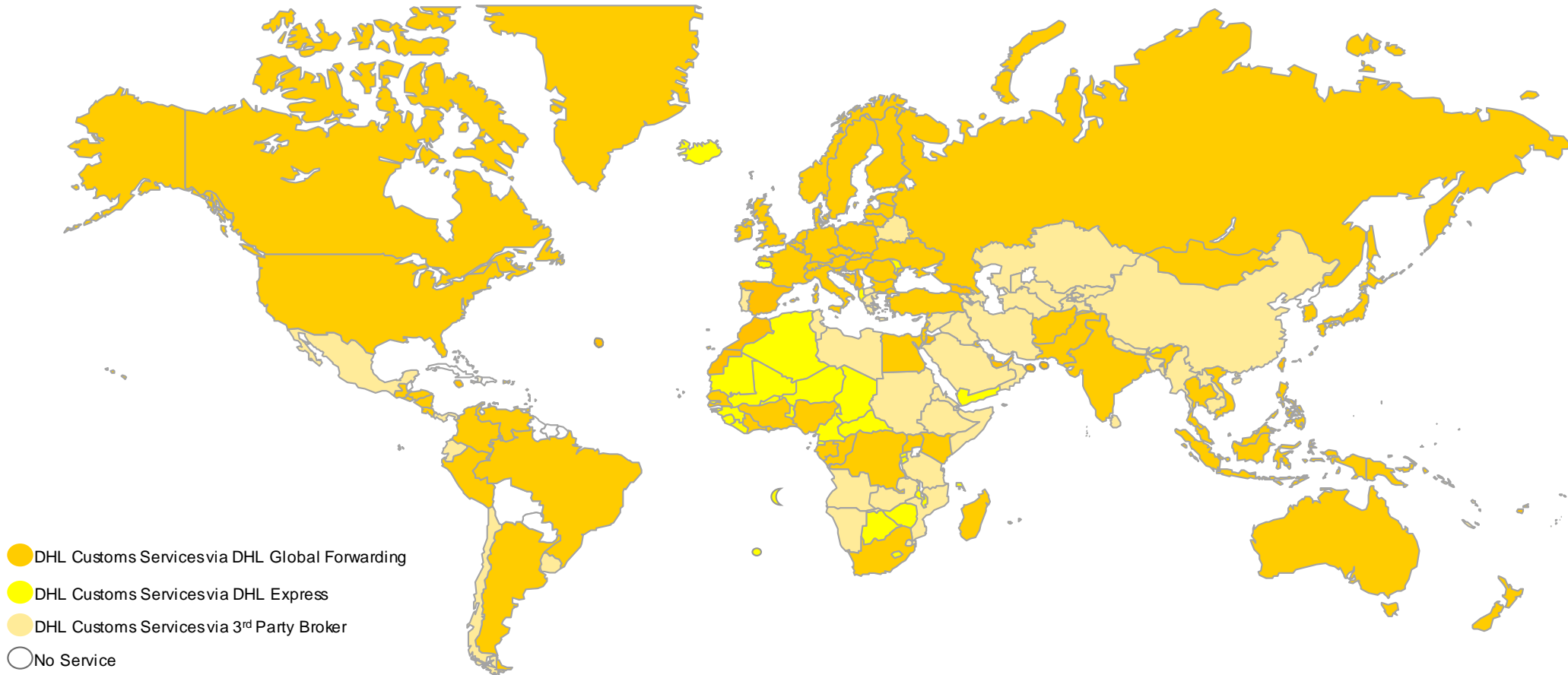
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# DHL Customs Services

## Our Geographic Footprint

The DHL Customs Services network is truly global, including a comprehensive distribution of DHL Customs teams and reliable 3rd Party Brokers



## DHL Customs & Trade Compliance Experts

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**Supply chain mapping** is an essential early step in Brexit planning. Knowing where your inputs come from and what product category they fall into can help you **assess the possible tariffs** that might apply and **analyze lanes impacted by Brexit**.

Mapping your **supplier and customer base** will help better analysis of how changes in the UK-EU **trade relationship** could **affect** them.

We are accustomed to **dealing with political, regulatory, social and economic differences** around the world, and adapting to **changing conditions** is one of the daily challenges in our business.

So, as **Customs & Trade Compliance experts**, we are confident that, even after the UK's probable withdrawal from the EU, we will be able to develop and implement any **new logistics adjustments that are needed**, and will continue to **support you to take advantage** of global trade opportunities in Europe and the rest of the world.»



# DHL Customs Services: Our Customs Brokerage Portfolio

We offer a broad range of services to ensure uniform, consistent & compliant trade activities, supporting your company in avoiding delays, fines & penalties



## Import and Export Declaration Filing

Customs declarations to process the import/export of goods.



## Security Filing

Advance notification to authorities in importing countries, consisting of critical information for security screening



## Duties & Taxes Advancement

Facilitation of the payment of customs duties and taxes on behalf of the customer.



## Other Government Agency Services

Service to ensure the clearance of goods through other government agencies, e.g. Ministry of Health, Department of Agriculture.



## In-Transit Movement

Management of the customs formalities for goods moving through one customs territory into another, or transportation of uncleared shipments within one customs territory.



## Permits and Licensing Application Services

Providing support to obtain special licenses and permits.



## Additional Services

Foreign Trade Zone (FTZ), Bonded Warehouse, Duty Drawback Processing, and many other services.



# DHL Customs Services:

## Our Customs & Trade Compliance Portfolio

Our customs consultants can review your supply chain to help enhance customs activities, optimize duties, identify potential risk areas and optimize internal controls and procedures to maximize compliance



### Customs Management

Global Customs Management Program to coordinate the customs activities in various countries or support specialized services (e.g. Customs Competence Teams for Customers to monitor all customs transactions in Europe or globally).



### Regulatory Interpretation & Consultation

Tariff Classification Services; **Tariff Engineering & Duty Optimization**, Binding Rulings; Prior Disclosures and Penalty Avoidance; Administrative Appeal Support and Representation; Appeals, Petitions; Import/Export Licenses and Quotas.



### Compliance Assessment & Audits

Customs Compliance Assessments and Audits; Development of Internal Compliance Manuals; Documentation and Recordkeeping Requirements.



### Customs Training & Education

Supporting the knowledge base development by various training programs and information services e.g. On Site Training; Seminars; Periodic Information Bulletins.



### Duty & Tax Programs

Management of duties and taxes programs, e.g. Duty Drawback; **Trade Agreement and Preferential Treatment Qualifications**; **Duty Optimization Planning**, Audits and Refunds; Foreign Trade Zone



### On-Site Resources (Secondment)

We provide highly experienced on-site staff to support in different areas of the customs clearance process, e.g. filing of customs declarations, goods classification, and other customs activities.

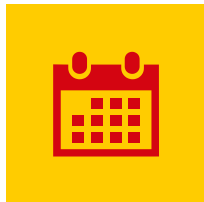


## The Customs & Trade Compliance Experts, Ready for Brexit

DHL Global Forwarding already have a number of key differentiators and all the expertise needed to support you **through Brexit and all around the world**



**4,800**  
dedicated  
customs  
professionals  
globally



**7 million**  
customs  
transactions  
each year  
globally



**Government  
Authorities**  
relationships on global,  
regional and local levels  
such as World Customs  
Organization (WCO)



**AEO**  
Accreditation in all  
government customs and  
security programs where  
available (e.g. AEO, C-TPAT,  
other equivalent programs)



### WHAT IS AEO?

- AEO status is an international quality mark for companies whose customs processes are secure and efficient
- AEO enables us to leverage Customs Simplified Procedures

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