

# Preferential origin - Specific EU - UK TCA Procedures

Here various procedures are listed describing the rules of origin as specified in the specific Preferential trade agreements between the exporting and importing countries, providing the basis for preferential tariff treatment.

- [EU-UK TCA for Tariff Heading 2710 - Terminal operations](#)
- [Statement on Origin - Trafigura](#)
- [Statement on origin - Impala](#)
- [SOP - Decision flow Preferential origin EU - UK TCA tariff Heading 2710](#)
- [Decision flow Preferential origin EU - UK TCA tariff Heading 2710](#)
- [Template preferential origin \(long term\) supplier declaration](#)

# EU-UK TCA for Tariff Heading 2710 - Terminal operations

## 1. Purpose and Scope

This procedure outlines how to determine and maintain **preferential origin status** for petroleum products classified under **tariff heading 2710** that are **stored, handled, or blended** in the EU or the UK under the **EU-UK Trade and Cooperation Agreement (TCA)**.

Tariff Heading **2710** covers:

Petroleum oils and oils obtained from bituminous minerals (other than crude); preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals.

It applies to all facilities and operators engaged in:

- Storage and distribution of petroleum products of EU or UK origin;
- Occasional blending or addition of non-originating material (e.g. additives, stock adjustments);
- Origin tracking using **accounting segregation** methods.

The aim is to ensure that stored goods maintain or correctly lose their **preferential origin status** in compliance with the TCA.

## 2. Legal Framework

- **EU-UK Trade and Cooperation Agreement (TCA):** Title I, *Rules of Origin* (Part Two, Heading One, Chapter 2).
- **Annex ORIG-2:** *Product-Specific Rules (PSR) for HS 2710*.
- **Article ORIG.14:** *Accounting segregation*.
- **Article ORIG.12:** *Tolerances for non-originating materials*.
- **Article ORIG.7:** *Insufficient working or processing operations*.

# 3. Product-Specific Rule (PSR) - HS 2710

"Manufacture from materials of any heading, except that of the product, provided that the value of all non-originating materials used does not exceed 40% of the ex-works price of the product."

- Non-originating materials under the same heading (2710) **may not be used**.
- Materials classified under other headings (e.g. 2709 crude petroleum) **may be used**, provided the value of all non-originating inputs **does not exceed 40%** of the ex-works price.
- The product must undergo a **Change in Tariff Heading (CTH)** as part of the transformation.

For storage and distribution activities, this PSR is relevant primarily for verifying that **minor additions of non-originating material** do not exceed permissible thresholds and that the overall product maintains its preferential origin.

## 4. Cumulation

- The EU-UK TCA allows **bilateral cumulation** only.
  - Materials originating in the UK are treated as originating in the EU and vice versa.
  - Inputs from third countries cannot be cumulated.

## 5. Key Operational Principles

### 5.1 Storage Does Not Alter Origin

- Merely **storing, transferring, or handling** originating goods does **not** affect their preferential origin status, provided:
  - The goods remain **identifiable**, and
  - No operations are performed that would constitute **insufficient working or processing** under Article ORIG.7.

## 5.2 Insufficient Operations

Origin is **not** maintained if operations performed are limited to:

- Simple blending of oils;
- Simple mixing, dilution, or packaging;
- Any process that does not result in a change in tariff heading or essential character.

However, for companies managing mixed stocks of **originating and non-originating petroleum products, accounting segregation** (Article ORIG.14) may be applied to maintain compliance without physically separating each batch.

## 5.3 Sufficient Working or Processing

Processing that qualifies:

- Refining crude petroleum (heading 2709) into petroleum products (heading 2710);
- Chemical transformation changing the essential character of the product.

Processing that does **not** qualify (as per Article ORIG.7):

- Simple mixing of products;
- Simple dilution;
- Simple packaging or relabelling;
- Any process that does not alter the tariff classification or essential character.

### 5.3.1 Origin Verification Process Manufacturing

1. **Classify the product** under CN 2710.
2. **List all inputs** with tariff headings and origin status.
3. **Calculate the ex-works price** of the finished product.
4. **Determine total value of non-originating inputs.**
  - If  $\leq 40\%$  of ex-works price = condition satisfied.
5. **Ensure that no non-originating material of heading 2710 is used.**
6. **Confirm that the transformation changes the tariff heading** (CTH achieved).

If all criteria are met, the product acquires **EU or UK originating status**.

# 6. Accounting Segregation (Article ORIG.14 TCA)

## 6.1 Principle

Accounting segregation allows an operator to manage originating and non-originating materials or products **in a single inventory** where physical segregation is impractical.

This method may be used **only if the records and control systems** ensure that:

- The quantities of originating and non-originating goods are accurately accounted for;
- No more originating goods are deemed to be exported than those that would result from physical segregation.

## 6.2 Implementation Steps

### 1. Approval

- Accounting segregation may be applied only if the operator has an **approved origin accounting system** validated by internal customs or compliance management.

### 2. Inventory System Requirements

- The system must record:
  - Opening stock balance by origin category (EU, UK, non-originating);
  - Receipts (by origin and quantity);
  - Dispatches (with declared origin and supporting documentation).
- The system must allow **traceability** from incoming to outgoing quantities.

### 3. Calculation Basis

- The ratio of originating to non-originating goods in storage determines the share of outgoing goods that may be considered originating.
- Example:
  - Stock: 90% originating + 10% non-originating.
  - A dispatch of 1,000 tonnes may be declared as **originating** up to 900 tonnes.

### 4. Documentation

- Each origin batch movement must be supported by supplier declarations, statements on origin, or other valid proof.
- Periodic stock reconciliation must confirm that cumulative declarations do not exceed available originating stock.

### 5. Retention

- Records must be kept for a minimum of **three years** and made available upon customs request.

# 7. Incorporation of Non-Originating Material - 10% Value Tolerance

## 7.1 Legal Basis

Article ORIG.12 of the EU-UK TCA permits a **tolerance** of up to **10% of the ex-works price** for non-originating materials used, even where the PSR would otherwise prohibit such use. This tolerance cannot be used to exceed the maximum non-originating material limit (40%) specified in the PSR.

## 7.2 Application to HS 2710 (Storage Context)

In storage operations where **non-originating material (e.g. additive or stabiliser)** is added to otherwise originating petroleum products:

- The **value of the non-originating addition** must not exceed **10% of the ex-works price** of the final blended product.
- The blended product may still be regarded as **originating**, provided:
  - The total non-originating material (including the addition) does not exceed **40% of the ex-works price**; and
  - The blending does not fall within **insufficient operations** (i.e., must have a legitimate commercial purpose and not merely be a simple mix).

## 7.3 Calculation Example

- Ex-works price of blended product: USD 1,000 per tonne
- Non-originating additive: USD 80 per tonne (8%)
- Total non-originating materials: 8% (<10%)
  - = Product retains **preferential origin** under the 10% tolerance rule.

If the addition exceeds 10%, or if total non-originating input surpasses 40%, the final product **loses preferential origin**.

## 8. Operational Procedure

Step	Action	Responsible
<b>1. Receipt of Goods</b>	Record all incoming products by Commodity code and origin (EU, UK, or non-originating) based on supplier documentation.	Customer Services
<b>2. Storage</b>	Maintain stock records using accounting segregation. No co-mingling of origin categories without system control.	Warehouse / IT Systems
<b>3. Addition of Material</b>	If non-originating additives or materials are added, record the value and percentage relative to ex-works price. Verify that 10% tolerance is not exceeded.	Customer / Customer Services
<b>4. Stock Management</b>	Use accounting segregation ratios to allocate origin status to outgoing quantities.	Warehouse / IT Systems
<b>5. Proof of Origin for Dispatches</b>	Issue a Statement on Origin (Annex ORIG-4 wording) only for quantities qualifying as originating under segregation and tolerance limits.	Customs representative
<b>6. Record-Keeping</b>	Keep all supporting evidence (origin documents, blending records, valuation sheets) for 3 years minimum.	Customs Compliance
<b>7. Audit and Verification</b>	Perform internal checks quarterly to confirm compliance with origin and tolerance provisions.	Compliance Manager

## 9. Verification and Customs Control

- Customs authorities may verify origin claims by reviewing:
  - Stock and accounting segregation records;
  - Value calculations for non-originating additions;
  - Supplier origin documentation and statements;
  - Outgoing origin declarations.
- Non-compliance may result in loss of preferential treatment and retroactive duty recovery.

## 10. Summary Table - Storage Context (HS 2710)

Element	Requirement
<b>Tariff Heading</b>	2710
<b>PSR Limit</b>	Max 40% non-originating materials (ex-works price)
<b>Tolerance Rule</b>	Additional 10% of ex-works price for incidental non-originating additions
<b>Cumulation</b>	Bilateral (EU-UK)
<b>Processing Restriction</b>	No simple mixing, packaging, or dilution (Article ORIG.7)
<b>Stock Control Method</b>	Accounting segregation (Article ORIG.14)
<b>Proof of Origin</b>	Statement on Origin (Annex ORIG-4)
<b>Retention Period</b>	3 years minimum
<b>Key Controls</b>	Stock reconciliation, value calculation, segregation ratio monitoring

# 11. Conclusion

In storage operations under the EU-UK TCA, the preferential origin of petroleum products (heading 2710) can be maintained provided that:

- Goods are handled under **accounting segregation** systems ensuring traceable origin management;
- Any addition of non-originating materials does not exceed **10% of the ex-works value**, and total non-originating input remains within the **40% PSR limit**;
- No operations constitute **insufficient working or processing** under Article ORIG.7.

By applying these controls, operators can confidently issue **Statements on Origin** while maintaining full compliance with the TCA's preferential origin framework.

# Statement on Origin - Trafigura

To be printed on an invoice or commercial document containing information on the goods concerned

## Trafigura

(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 **Union** preferential origin.

.....  
(4) (Place and date)

**Trafigura Ventures BV**

(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 56(4) 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.*

*(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.*

# Statement on origin - Impala

To be printed on an invoice or commercial document containing information on the goods concerned



(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 **Union** preferential origin.

.....  
(4) (Place and date)

**Impala Terminal Rotterdam B.V.**

(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 56(4) 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.

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

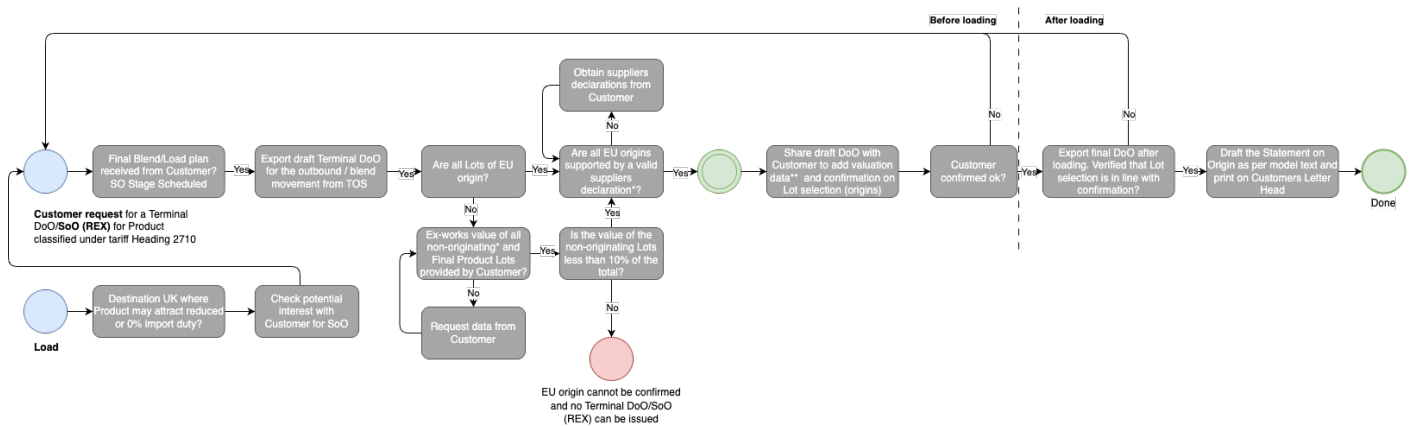
(4) Place and date may be omitted if the information is contained on the document itself.

# SOP - Decision flow

## Preferential origin EU - UK

### TCA tariff Heading 2710

Please note that customs status as such has no role in determining origin!



\* A (LT)SD for EU preferential originating material for all selected lots must be available in our records. When missing; inform the customer to provide the missing documentation before final origin determination  
 \*\* Customer to provide the Ex Works value relevant Lots (Material) and for the final Blend product (Product) to allow the determination of the ratio non-originating material versus the Blend product.

## Definitions

**EU originating material:** Materials having EU preferential origin under the Trade Agreement rules

1. Goodswholly obtained in the EU, or
2. Goods sufficiently worked or processed in the EU according to the applicable list rules

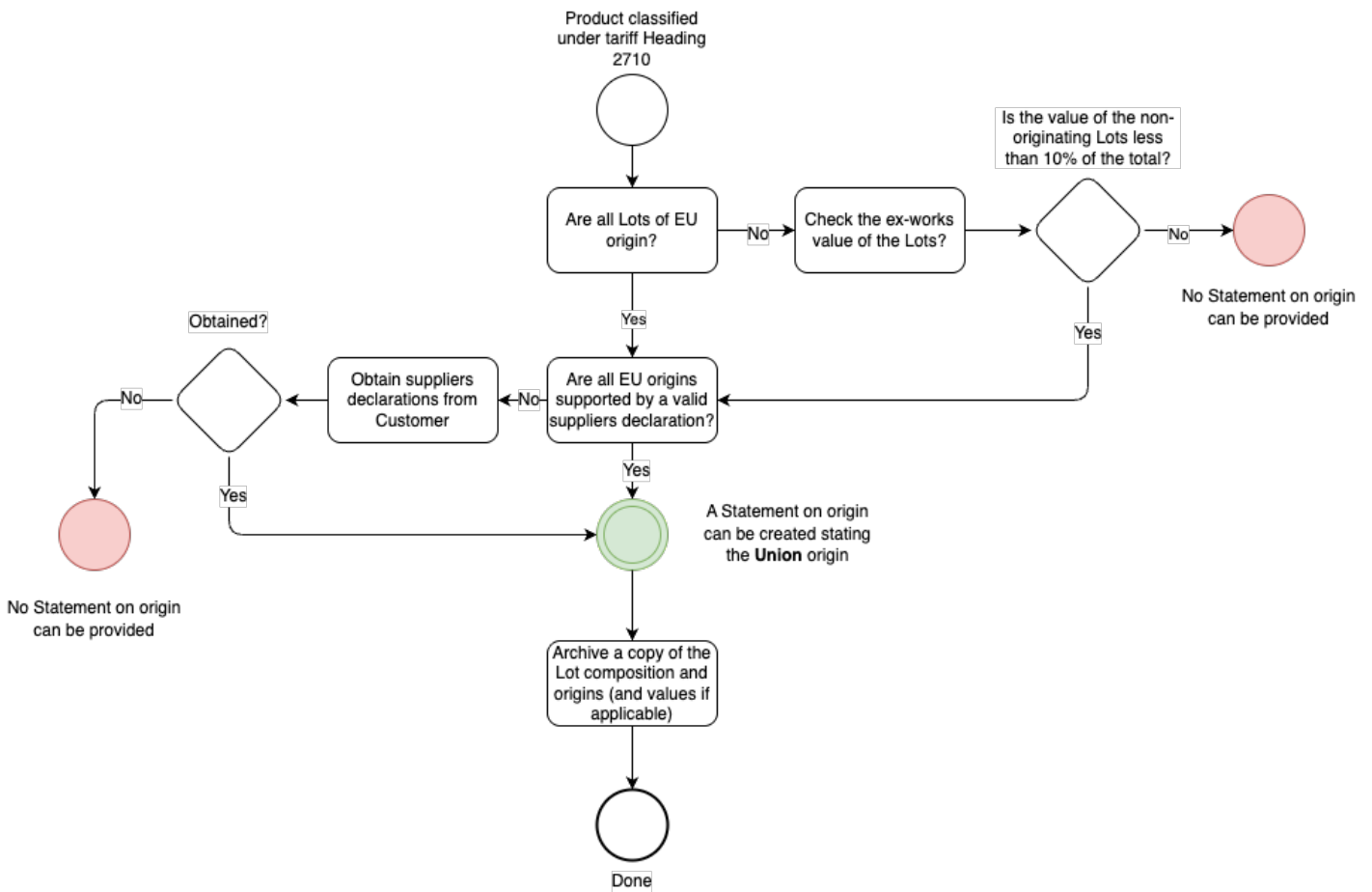
**Non-originating material:** Material that does not qualify as originating under the preferential rules of origin of the Trade Agreement

1. Materials imported from third countries that do not qualify as originating, or
2. Materials that have not undergone sufficient working or processing to acquire EU origin

**T2 product can also be non-originating material. Customs clearance does not change the origin of the material**

**Change of Tariff Heading "CTH"** means production from non-originating materials of any heading, except that of the final product; this means that any non-originating material used in the production of the final product must be classified under a heading (4-digit level of the Harmonised System) other than that of the final product (i.e. a change in heading).

# Decision flow Preferential origin EU - UK TCA tariff Heading 2710



# Template preferential origin (long term) supplier declaration

[TO BE PRINTED ON COMPANY LETTERHEAD]

## SUPPLIER'S DECLARATION

I, the undersigned, declare that the goods listed on this document  
.....(1), originate in .....(2) and satisfy the rules  
of origin governing preferential trade with .....(3).

I declare that (4):

Cumulation applied with .....(name country/countries)

No cumulation applied

I undertake to make available to the customs authorities any further supporting documents they require.

..... (5)

..... (6)

..... (7)

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### *Footnotes (can be removed after completion)*

(1) If only some of the goods listed on the document are concerned, they shall be clearly indicated or marked and this marking entered in the declaration as follows:

“.....listed on this document and marked .....originate in .....

(2) The European Union, country, group of countries or territory, from which the goods originate

(3) Country, group of countries or territory concerned

(4) To be completed, where necessary, only for goods having preferential origin status in the context of preferential trade relations with one of the countries with which pan-Euro-Mediterranean cumulation of origin is applicable.

(5) Place and date of issue

(6) Name and position of the undersigned, name and address of company

(7) Signature

**LONG-TERM SUPPLIER'S DECLARATION**

I, the undersigned, declare that the goods described below:

.....(1)

.....(2)

Which are regularly supplied to .....(3), originate in .....(4)  
and satisfy the rules of origin governing preferential trade with .....(5).

I declare that (6):

Cumulation applied with .....(name country/countries)

No cumulation applied

This declaration is valid for all shipments of these products dispatched from ..... to  
.....(7)

I undertake to inform .....(3) immediately if this declaration is no longer valid.

I undertake to make available to the customs authorities any further supporting documents they require.

..... (8)

..... (9)

..... (10)

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*Footnotes (can be removed after completion)*

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*Footnotes (can be removed after completion)*

(1) Description

(2) Commercial designation as used on the invoices e.g. Model No

(3) Name of the company to which goods are supplied

(4) The European Union, country, group of countries or territory, from which the goods originate

(5) Country, group of countries or territory concerned

(6) To be completed, where necessary, only for goods having preferential origin status in the context of preferential trade relations with one of the countries with which pan-Euro-Mediterranean cumulation of origin is applicable.

(7) Give the start and end dates. The period shall not exceed 24 months.

(8) Place and date of issue

(9) Name and position of the undersigned, name and address of company

(10) Signature