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Improving the preferential origin process of purchased items

Assigned by Valmet Technologies Oy

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Abstract

The preferential origin process in the assigning organization Valmet Technologies ensures traded goods to have required documentation to undergo special customs treatment when exported from the European Union to one of its free trade agreement countries. The pre-requisition is that the items are of European Union origin. The required documentation is calculated for manufactured items and proved with a supplier's declaration for purchased items. Focus is on purchased items and in the process of requesting supplier's declarations.

The main objective was to optimize the process of identifying purchased items requiring supplier's declaration and acquiring that declaration. The initial state of the preferential origin process in Valmet Technologies was observed and analyzed to find out the main challenges in the process. Process descriptions and flow charts were used for clarification. Knowledge and guidance of colleagues and superiors was utilized in the process.

Four different parts of the process were chosen to be improved with concrete actions. The implementations concerned delayed initials of the preferential origin process, issues in finding the right contact information of suppliers, passive communication of supplier and the method for storing the supplier's declarations. Several options were provided as possible solutions for each challenge to optimize the process. By proposing, implementing and evaluating solutions to the challenges, the preferential origin process was successfully improved.

The results were seen in more active initials of the process, faster way of finding supplier's contact information and better response rate of suppliers. Updating how the supplier's declarations were stored made it more secure and efficient to find old declarations. The overall satisfaction of stakeholders of the preferential origin process was improved.

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1. Introduction

A country of origin plays a big role in international trade. An origin effects on limits and allowances of importing and exporting. An origin can even entitle goods to be customs cleared with reduced or zero fees. This thesis focuses on the process which grants certain items to undergo customs clearances with such **preferential origin.** The focal point is on goods of European Union origin which are exported from the European Union to one of its free trade agreement countries[1].

To avoid misusage of the preferential origin treatment, the origin of traded goods must be always lawfully documented. To prove the preferential origin of European Union to the customs authorities, the exporter must file an EUR.1 document or add a special clause to their customs invoice. The exporter is accountable for providing truthful information about the origin of the goods they are exporting. (Grafers 2006.)

If traded goods are manufactured or processed by the exporting company, the preferential origin status can be confirmed by criteria calculations. The calculations will show whether the goods have been manufactured or processed enough to fill the criteria and make them count as goods of preferential origin in customs clearance. If an exporter has purchased the traded goods from a supplier, the exporter must ask the supplier to provide the needed origin information with **the supplier's declaration**. (Nummila & Roine 2019.)

Supplier can grant a supplier's declaration separately for each of their sales order batches. This is time-consuming but makes sure that the origin information is up to date and correct. Alternatively, the supplier can give out long term declarations which cover the origin information for their goods for up to two years. The declaration obligates the supplier to monitor and report possible changes of the origin of goods during the validity period. Long term declarations are convenient when an

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[1] See chapter 2.1

exporting company purchases goods regularly from a supplier. This way there is no need to apply for declarations repeatedly. (Nummila & Roine 2019.)

The thesis is assigned by Valmet Technologies Oy. Valmet Technologies provides and develops technology, automation and services for paper and pulp industries. There are almost 14 000 people around the world working for Valmet Technologies. In 2019 Valmet Technologies' net sales reached 3,5 billion euros. The head office is located in Espoo, Finland and the shares of Valmet Technologies Oy are listed on the Nasdaq Helsinki. (About us, n.d.)

Figure 1. Logo of Valmet Technologies

More specifically, the work is assigned by the forwarding department under the Services-business line. Services forwarding department is responsible for shipping and exporting individual spare part sales, larger spare parts packages, consignment stock products and tools for services.

The main objective of the thesis is to optimize the process of identifying purchased items requiring supplier's declaration and acquiring that declaration. This is done by analyzing the opportunities of Valmet Technologies' Service-business line to improve the process of proving a preferential origin for traded goods. The main steps of the

preferential origin process in Valmet Technologies are summarized in table 1. The thesis will look into this process to find out the major challenges in it (see chapter 4). The thesis will also provide possible solutions to overcome these challenges. Solutions will be implemented and evaluated as possible. These development actions will be executed during the thesis process to ensure actual improvements of the subject of thesis.

Table 1. The preferential origin process in Valmet Technologies

Identifying the need for preferential origin

Creating a request to receive a supplier's declaration

Receiving the supplier's declaration

Marking the preferential origin to ERP

Storing the supplier's declaration
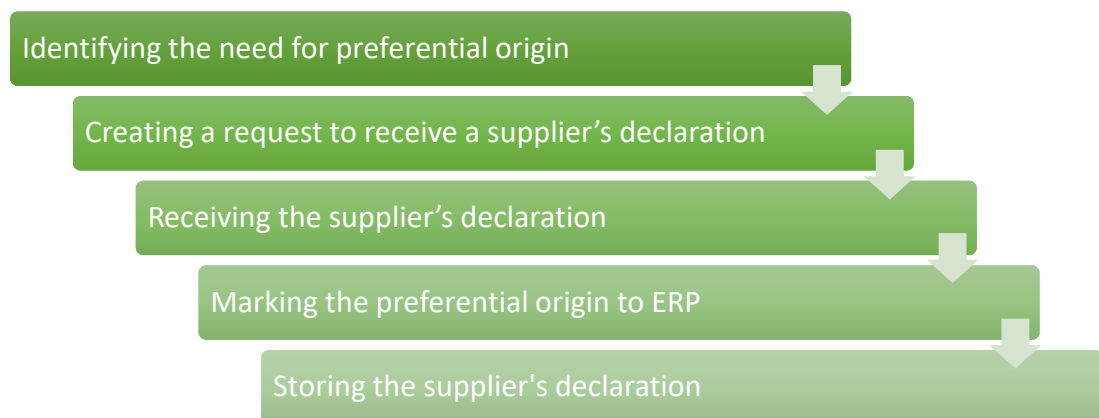
The first research question of the thesis is: what is the current state of the preferential origin process in Valmet Technologies? The research method is a thorough observation and analysis of the process. Process observation is conducted by closely following and implementing the preferential origin process over a period of six months. Long observation period is the best option to ensure realistic and reliable results, which reflect the actual process and its challenges.

To clarify the results of observation, I use process descriptions and flow charts of the process. By analyzing the results, I find out which parts of the process are causing problems, such as delays or unnecessary work. I work closely with every part of the

process as it would be very challenging to get a true understanding of the preferential origin process without personally implementing it in practice.

The second research question is: how to reach a well-functioning preferential origin process? The research method is a solution-oriented analysis which aims to solve each weak link in the process chain. To help analyze the options and choosing from them, I have discussions with colleagues working with the preferential origin process. Instead of one big interview in the beginning of the thesis process, I go through different problems and possible solutions when I come across them. I want to hear opinions of as many people as possible, so I include my whole department, sales representatives, purchasers and managers in the discussions.

Table 2. Research questions

1) What is the current state of the preferential origin process in Valmet Technologies?

2) How to reach a well-functioning preferential origin process?

3) How to ensure that the required supplier's declarations are applied early enough?

The third research question is: how to ensure that the required supplier's declarations are applied early enough? The point of time they are applied for, will determine whether shipments will be sent on time or not. The research method is interview and development conversations. Since this is a process which affects many departments and different parts of the supply chain, the best way to research is to involve people from other functions to discussion and share their perspective of the process.

For the third question, I interview Eva Guimaraes, who works as a Global Process Owner regarding Sales & Invoicing in COF Finance ERP[2]. We have several interviews over the period of six months while working on improving the preferential origin process. She is able to provide insights on the subject from the perspective of ERP system processes.

Additionally, I participate to development meetings where the ERP system developers go through processes and functions which need developing. Discussing the preferential origin process with all these people from different functions is important to get a wide understanding about everything the process can have an impact on.

I go through the results of interviews and discussions with my managers Marija Hyvärinen (Specialist, Forwarding) and Outi Laitiainen (Senior Manager, Logistics). It is necessary to make sure the improvements are acceptable and according to the strategy of the organization.

2. Theoretical basis

This chapter is the theoretical basis of the thesis. It consists of the basics behind international trading and exporting & importing procedures. Learning about legal requirements and regulations regarding preferential origin shipments helps to understand the objective of the thesis. It also explains why the documentation is controlled so strictly and why so many controlled procedures must be gone through.

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[2] Enterprise resource planning (ERP) is business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources.

2.1 Trade policy and free trade agreements

Whenever goods are sold internationally, their commerce must follow the CISG law by the United Nations[3]. CISG is an abbreviation from the words *Convention on Contracts for the International Sale of Goods*. (Jimenez 2012, 13.) All shipments of international sales have their own set of rules they are required to comply with. Since the goods are physically moved from one country to another, they must also obey the customs authorities of both the exporter and importer countries. Exporting and importing processes require multiple different documents which ensure the fairness of international trade. (Jimenez 2012, 227-228.)

The aim of trade policies is to improve the competitiveness of the European Union industries and to secure the prerequisite for fair trade. In practice, this is executed with common toll fees and rules. The member countries of the European Union have agreed to common toll taxation in commerce with **free trade agreement** countries. This means that imported goods from a free trade agreement country will have the same amount of taxation in all European Union countries. (Nummila & Roine 2019.)

Free trade agreements are a way of ensuring fair trade policies between countries of very different price levels. Free trade agreements are treaties between individual countries or alliances of countries. The agreements settle on various trade facilitation measures and remove trade barriers. Free trade agreements concern mostly industrial and agricultural products. (Viennin etuuskohtelut n.d.)

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[3] The United Nations is an intergovernmental organization that aims to maintain international peace and security, develop friendly relations among nations, achieve international cooperation, and be a center for harmonizing the actions of nations.

2.2   Customs codes

The very base of the international trade is the *customs code*. Without customs codes it would be extremely slow and difficult to export and import goods, as there are so many different tradeable objects in the world. Customs codings, also called **nomenclatures**, can be understood in any country and in any language, which makes handling traded goods easy and efficient. A customs code will tell the type of an item, what is it made of, how it was created, what is its purpose and what are its features. (Nummila & Roine 2019.)

In foreign trade, a lot of things are defined by customs codes. When traded goods go through customs clearances, their toll, VAT [4] and possible excise tax are all based on the customs code. There are many exporting and importing limits, rules and bans for certain customs codes. Thus, using the correct customs code increases safety in commerce. It ensures the authorities to follow up and manage the movement of dangerous or risky goods. (Uses of nomenclatures n.d.)
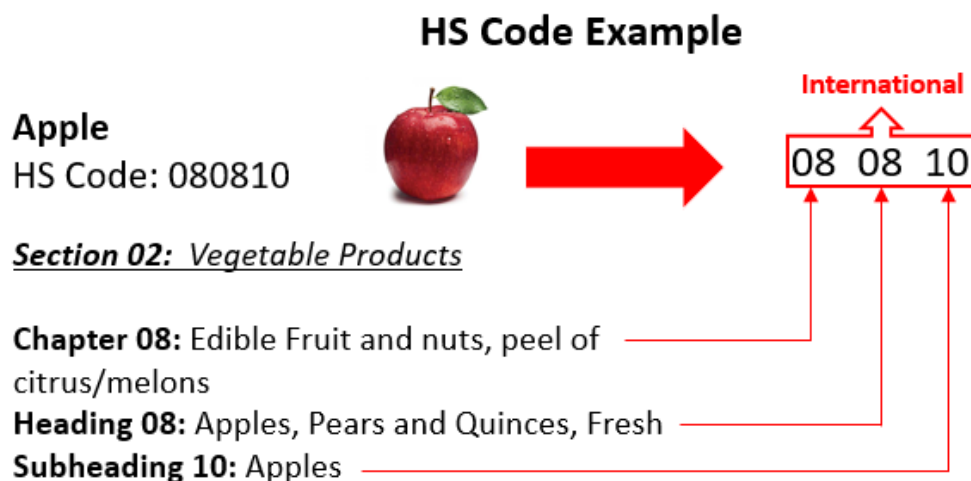

Figure 2. An example of forming an HS code

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[4] A value-added tax (VAT) is a consumption tax placed on a product whenever value is added at each stage of the supply chain, from production to the point of sale. The amount of VAT that the user pays is on the cost of the product, less any of the costs of materials used in the product that have already been taxed.

The World Customs Organization[5] has published the Harmonized System to simplify foreign trade. It is used in over 150 countries. HS codes classify traded goods whether they are raw material, processed material or finished goods. There are 21 HS sections to divide all possible goods in main categories. Each section starts with notifications of the goods under that section. Then the sections are divided into more defined chapters. There are 98 chapters and each of them begin with chapter notifications, heading notifications and additional notifications which are all created to help choosing the correct HS code for each item. (Nummila & Roine 2019., Uses of nomenclatures n.d.)

HS coding is 6-figured as seen in table 3. It works as a basis for more defined customs nomenclatures for regional and national usage. One of them is CN nomenclature, which is used in the European Union. It adds two more digits in the end of the HS code. CN code is used in export declarations when the goods are exported from the member countries of European Union to outside of it. (Käyttötariffi 2019.)

Table 3. Summary of commodity code systems

Nomenclature	Example of code	Amount of different codes	Target area
• HS • CN • Taric	• 123456 • 12345678 • 1234567890	• ~ 5 200 • ~ 9 700 • ~ 18 000	• Worldwide • Regional • National

Sometimes two more digits are added after the eight previous ones in the customs code. Those two last ones are according to national regulations, so they can signify different things in different countries. In Finland there is a Taric nomenclature, which

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[5] The World Customs Organization (WCO) is the only intergovernmental organization exclusively focused on Customs matters. It is noted for its work with the development of global standards, the simplification and harmonization of Customs procedures, trade supply chain security etc.

is used when goods are imported to Finland from outside of the European Union. (Uses of nomenclatures n.d.)

2.3   Country of origin

Besides trade agreements and customs codes, another important subject in foreign trade is the origin of traded goods. Country of origin must be informed for every item sold to another country, preferably for domestic sales as well. Origin data is used in customs clearances to grant benefits and manage restrictions and requirements based on origin. (Nummila & Roine 2019.)

Information about origin of traded goods is also used for statistics which the customs authorities must collect and publish. Data on the internal trade between the European Union countries is collected through a procedure called the Intrastat system. All exporting (and importing) companies in the European Union must provide data of their traded goods, such as country of origin and CN code of traded items, monthly to the Customs. (Why is Intrastat information collected? n.d.)

There are different ways to inform the country of origin of the traded goods. Origin is usually mentioned on the invoice, whether it is a commercial or proforma invoice. Sometimes origin is also marked on packing list or item labels. In some cases, origin must be proved with a certificate. One commonly used document for this purpose is the European Community Certificate of Origin (see figure 3).

European Community Certificate of Origin is one of the most used documents to prove the origin of an item. The certificate must be verified with stamp by one of the International Chambers of Commerce[6] to be an acceptable proof of origin. The original wet ink stamp is nowadays getting replaced by an electronic stamp in most countries. Using an electronic stamp speeds up the process of getting the European

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[6] ICC (International Chamber of Commerce) is the world business organization, enabling business to secure peace, prosperity and opportunity for all. It unites global network of 12,000 chambers and their respective business communities. ICC is governed by its Executive Board, World Council, Chairmanship and Secretary General.

Community Certificate of Origin, as there is no need for mailing and delivering the physical document with ink stamp. In some countries, customs authorities still require the original ink stamp.

Figure 3. European Community Certificate of Origin

It is very important to acknowledge that the **European Community Certificate of Origin does not justify preferential treatment in customs clearance** to any goods, even if the certificate states that the goods are of European origin. (Grafers 2006, 125; Jimenez 2012, 39.) It can only be used for other reasons, such as proving the

origin for a letter of credit[7]. (Viennin perusteet, alkuperä ja netti-ilmoittaminen 2017).

2.4   Preferential origin

When goods originating in the European Union are being exported to free trade agreement countries (see appendix 1), their origin can be considered preferential. This means the importer of the goods can receive a discount or even full exemption on customs fees. The customs authorities will grant preferential treatment to the goods if their preferential origin is documented as required. This is a great benefit as the exporter countries with preferential origin usually have higher overall price levels than the importer countries. (Preferential treatment in export for originating products n.d.)

The rules regarding preferential origin are defined in free trade agreements between trading partners, in agreements of World Trade Organization[8] or in the European Union customs law. The rules therefore vary according to the trading partner countries. In general, the criteria for preferential origin goods are much stricter than the criteria for general origin goods. (Albaum 2008, 154-156.)

Procedures for proving the preferential origin are different for manufactured and purchased items. If the traded goods are manufactured or refined by the exporting, European company, they must prove the origin by criteria calculations. The easiest case is proving the origin of goods which are completely produced with raw materials

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[7] A letter of credit, also known as a documentary credit or bankers commercial credit, or letter of undertaking, is a payment mechanism used in international trade to provide an economic guarantee from a creditworthy bank to an exporter of goods.

[8] The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. WTO agreements are negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business.

from the European Union, for example agricultural, mining or animal products. (Nummila & Roine 2019.)

If the raw materials are partly or fully from outside of the European Union, the exporter must prove that their traded goods are sufficiently enough refined in the European Union or in one of its partner countries. This sufficiency will vary depending on the importing country and the customs code of the goods. The exact specifications can be found in the free trade agreement of each country. (Preferential treatment in export for originating products n.d.)

Goods with non-preferential origin raw material must be significantly processed or refined to become preferential origin products. For example, if a Finnish company purchases steel from China, they cannot cut the steel in smaller pieces, re-pack it and sell it as a Finnish product. The origin is still China, as minor changes to goods are not enough to change their origin. However, if the Finnish company uses the Chinese steel to produce screws and nuts, the end-product is different and processed enough to be exported with Finnish origin. (*Viennin perusteet, alkuperä ja netti-ilmoittaminen* 2017.)

If the exported goods are purchased from another company (from now on *supplier*), the exporter does not have to make the calculations to see if the product is fully or sufficiently enough made in the European Union. That is the supplier's responsibility. To resell and export purchased goods with preferential origin, the exporting, European company must request a Supplier's declaration.

2.5   Supplier's declaration

Supplier's declaration is granted by the supplier to the purchasing counterparty. Supplier can declare their goods to be preferential origin or non-preferential origin. There is a document form for both purposes. As mentioned in chapter 1, supplier's declaration can be either for just one batch of goods they have sold or a long term version.

If the supplier gives out long-term declaration, they agree to promise their goods origin will remain the same – if it changes, the supplier is responsible for updating the information to the purchaser. The declaration can be given for a maximum of two years from the date of signing. This is convenient as this one declaration can cover multiple shipments and there is no need to re-apply the supplier's declaration for the same goods all the time. The shipping process will be faster and keep the relationship with the end customer strong. (Declaration by the supplier n.d.)

Figure 4. EUR.1 movement certificate

Traded goods are eligible for preferential origin treatment when they meet the criteria set for them (see chapter 2.4) and are declared by the supplier in case they are

purchased. To receive preferential treatment, exporters usually file a movement certificate EUR.1 (see figure 4), which must be stamped by the customs authorities. (Etuuskohteluasiakirjojen hakeminen ja laatiminen 2019).

The exporter or their authorized representative is responsible of the accuracy of the declaration of origin. Based on that information, the customs authorities grant a movement certificate EUR.1 which qualifies the goods for preferential treatment. However, EUR.1 movement certificate is not accepted in all countries, for example in South Korea, Canada and Japan. (Viennin perusteet, alkuperä ja netti-ilmoittaminen 2017).

During or after customs clearance, if there is a reason to suspect the preferential origin status of traded goods, the authenticity of the supplier's declaration can be checked. The exporter will be asked to get the INF 4 Information certificate from the supplier. The customs authorities will then confirm whether the declaration was correct or not correct. (Declaration by the supplier n.d.)

2.6   Approved exporter

An approved exporter is a company that has been authorized by the Customs authorization services, to give out invoice declarations for exported preferential origin goods. An approved exporter company must frequently export traded goods and provide customs authorities with the necessary information to verify the origin. (Approved exporter n.d.) Every approved exporter is given a unique authorization number which must be mentioned on the export invoices with the following clause:

> *The exporter of the products covered by this document (customs authorization No xxx/xxxx) declares that, except where otherwise clearly indicated, these products are of preferential origin.* (Ohje valtuutetulle viejälle 2019)

In practice, being an approved exporter means that the exporting, European company does not need to apply for EUR.1 movement certificates. EUR.1 is replaced by adding the approved exporter clause on an invoice used in exporting. This significantly speeds up the export process and gives an advantage over unauthorized exporter companies. In companies like Valmet Technologies, where export volumes are high and continuous, the export process must be as efficient as possible and being an approved exporter is valuable. (Approved exporter n.d.)

It is noteworthy that even an approved exporter cannot declare goods on light grounds. They must be sure that the goods they are exporting are of preferential origin if they claim so. The exporter must be able to prove the goods to be preferential origin with either calculations of the manufacturing process or a valid supplier's declaration.

If an organization wants to become an approved exporter, they must prove to customs authorities they have a sufficient knowledge of origin issues. In their application form they must present origin calculations of some of their products. Origin calculations define all compounds which were used to create the product and their value, country of origin, HS code and information whether the purchased compounds have a valid supplier's long term declaration.

3. Preferential origin process in Valmet Technologies

The main objective of proving the preferential origin is to justify the purchased goods for preferential treatment in the customs clearance. This benefits customers from free trade agreement countries and therefore the selling organization itself. The customers are willing to keep purchasing from a company, which helps them to benefit by making savings in the customs clearance. Valmet Technologies also has internal trading, which means that Valmet Technologies is both the exporter and the

importer. In internal trading Valmet Technologies is directly benefitting from the savings which come from getting the preferential treatment in customs clearances.
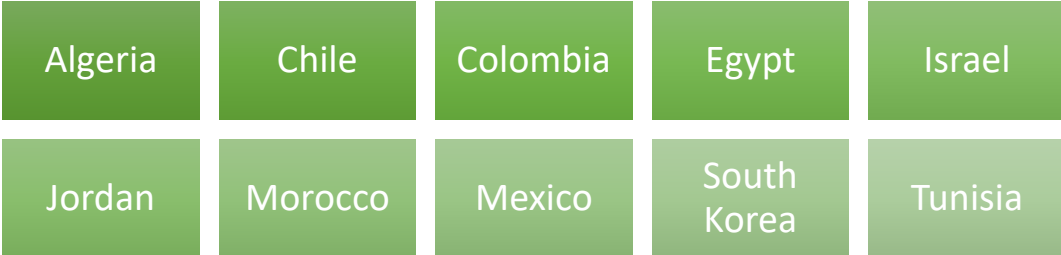
As an example, MADB[9] shows that goods imported to Chile under the customs code 8439** (*Machinery for making pulp of fibrous cellulosic material or for making or finishing paper or paperboard*) will be charged 6% of the shipments' value as import duties and taxes. However, if the imported goods can be proved to be originating in the European Union, they will receive preferential treatment and the amount of duties is 0% of shipments' value (see figure 5.)

Code	Product description	EU	MFN	RoO
84	CHAPTER 84 - NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF			
8439	Machinery for making pulp of fibrous cellulosic material or for making or finishing paper or paperboard:			
8439.10	- Machinery for making pulp of fibrous cellulosic material	0%	6%	RoO
8439.20	- Machinery for making paper or paperboard	0%	6%	RoO
8439.30	- Machinery for finishing paper or paperboard	0%	6%	RoO
	- Parts:			
8439.91	- - Of machinery for making pulp of fibrous cellulosic material	0%	6%	RoO
8439.99	- - Other	0%	6%	RoO

Figure 5. An example of savings with preferential origin

Valmet Technologies is a global company with many customers from outside of the European Union. Figure 6 shows the free trade agreement countries, which are currently benefitting the most from preferential treatment in trade with Valmet Technologies. All free trade agreement countries are listed in appendix 1.

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[9] The Market Access Database (MADB) gives information to companies exporting from the EU about tariffs and import formalities in third country markets.

Algeria	Chile	Colombia	Egypt	Israel
Jordan	Morocco	Mexico	South Korea	Tunisia

Figure 6. Common free trade agreement countries of Valmet Technologies

The above countries have multiple customers which are importing goods, purchased from Valmet Technologies, on a regular basis. In addition, there are countries which have allowed companies to import goods with lower or zero duties despite the origin of goods. For example, in Canada and Japan, imported goods under the customs code 8439** will not be charged any duties, no matter which origin they are. (Tariffs and Rules of Origin 2020.)

To ensure the customers of Valmet Technologies are getting the most out of the preferential origin treatment, there is a process to manage the supplier's declarations. To begin any process, there must be an initiative. In the preferential origin process in Valmet Technologies, the initiative is identifying when there is a need to request a supplier's declaration to prove the preferential origin. This is automatically made by the ERP system. Everything starts with a sales representative creating a new sales order. The ERP system will check for three factors (see figure 7).
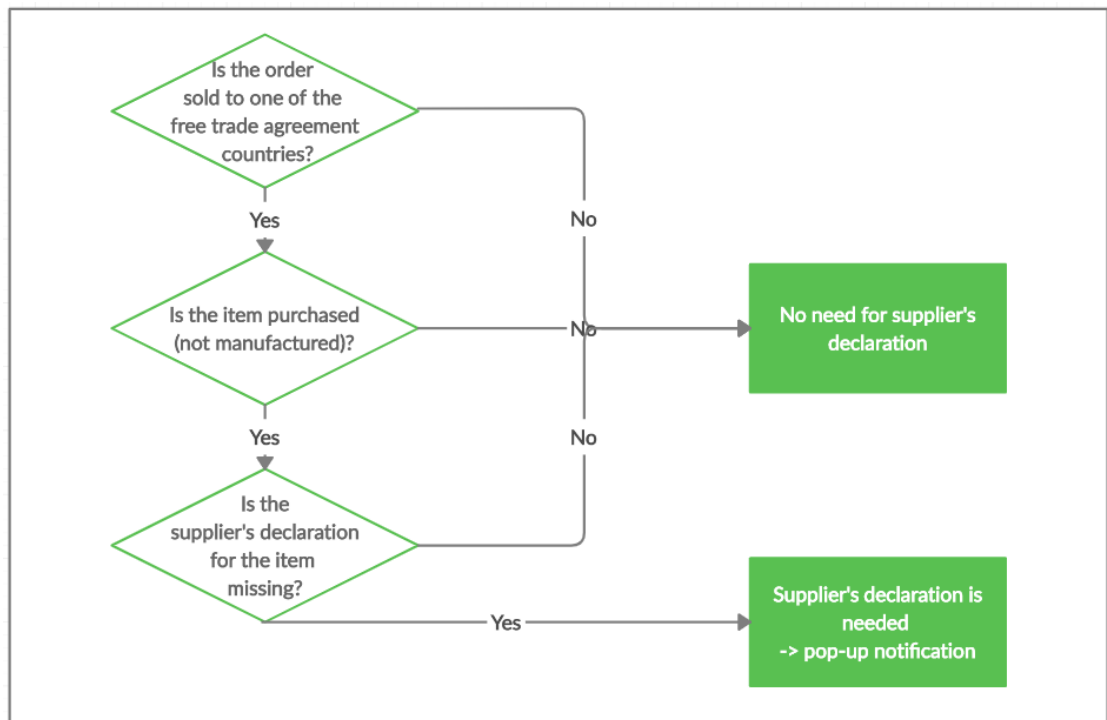
Figure 7. Identifying the need to request a supplier's declaration

The first factor is reviewing whether the customer is from one of the free trade agreement countries, since only they benefit and thus require preferential origin. Next, the ERP system automatically checks whether the sold items are manufactured by Valmet Technologies or purchased from a supplier. The preferential origin of manufactured items is proved in a different way, so they do not belong under this process. The third factor the ERP system verifies is whether the item has been already marked to have a valid supplier's long term declaration (see figure 8). If there is a valid declaration, there is no need to re-apply for it.

To summarize, if the order is going to a free trade agreement country, the item is purchased and missing a supplier's declaration, the need for a valid supplier's declaration is identified. This initiates the preferential origin process. The flow chart of the full process can be found in appendix 2. In this chapter I share the flow chart in three separate parts (figures 9-11) for simplicity.

Country of Origin	Expiry Date	Long Term Declaration
FI		☐
DE	29.8.2019	☑
FI		☐
DE	7.7.2019	☑
MY		☐

Figure 8. Example of how information of supplier's declaration is shown in ERP.

When the ERP system recognizes a need for a supplier's declaration, it sends a pop-up notification to the sales representative. The pop-up notification is the only impulse the sales representative gets to request the supplier's declaration. According to the instructions given to sales representatives, they must react immediately by informing the forwarding department. This is done by e-mail, which contains information about the sales order and item missing the supplier's declaration.
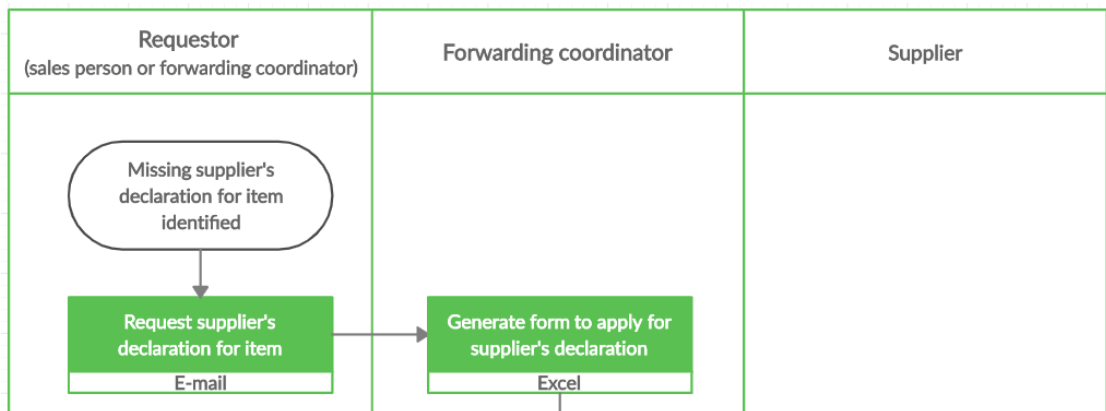
Figure 9. Beginning of the process

After the sales representative has sent the message, someone from the forwarding department reacts to the request by creating a form for the supplier to fill and sign. The form is created in a macro-coded Excel, which prints out documents in pdf-form. To create the form, the forwarding coordinator fills the Excel with information about the item, it's supplier and the sales order. That information is gathered from the received e-mail and ERP system.

Once the form is ready, forwarding coordinator sends it to the supplier as an attachment of an e-mail. The cover letter is a default message asking the supplier to review, fill and return the form to a given e-mail address. The same message is copy-pasted to these request e-mails to save time and to provide simple instructions to supplier. E-mail address of the supplier's is searched from Valmet Technologies' electronic contact database called CoMPass.
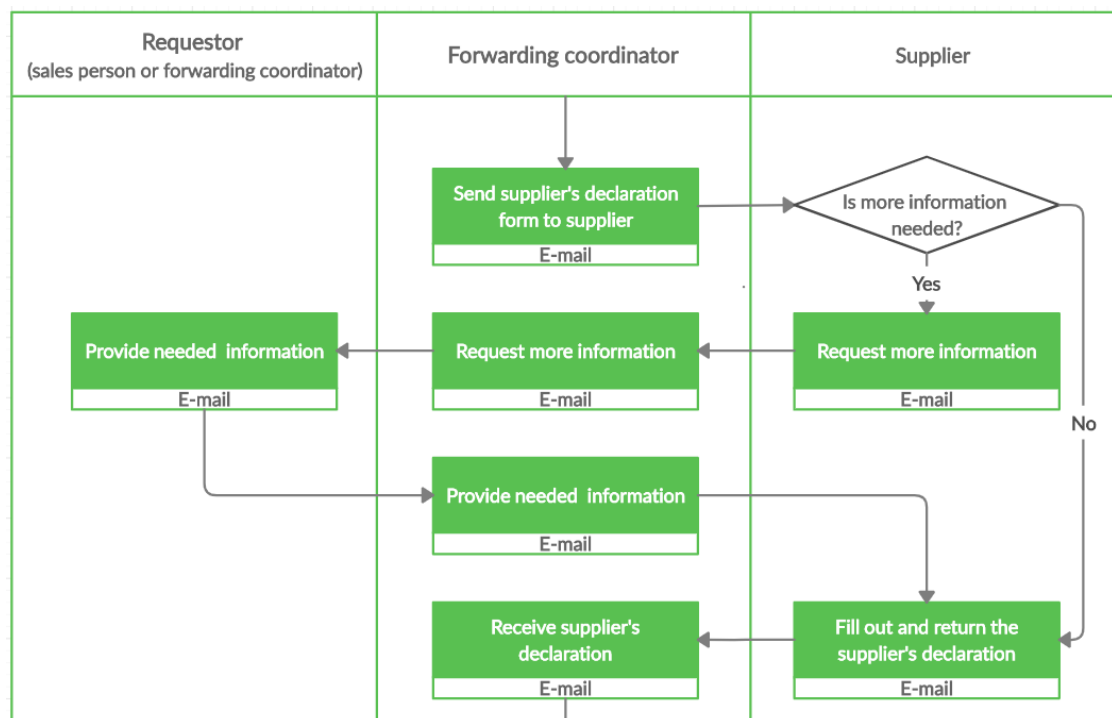
Figure 10. Process parts involving supplier

As the request e-mail and form are sent to supplier, the process will be on hold until the supplier responds to us. If the supplier needs more information about the related item or order, the process takes longer as it will include more communicating and problem solving.

Supplier's declaration form only indicates the item code and name which Valmet Technologies is using. Some suppliers have a huge variety of supplies and they use different names and codes for their items. Thus, most information requests from suppliers are to connect our item codes to theirs. In those cases, we provide them their item codes which can be found from the purchase order.

Another common request is about the purchase order reference. The supplier wants to know which order the declaration applies to. The requests to get the supplier's item codes and purchase order references are reasonable and we must provide them to supplier, so they are able to identify the items. If the forwarding coordinator handling supplier's declarations is not able to find that information themselves, they can ask help from the purchaser of the particular item. The purchaser for each item can be found from ERP.

Figure 11. Finalizing the process

When all is clear, the supplier returns the completed, signed and scanned document by e-mail. **At this point, the form has become a valid supplier's long term declaration.** Forwarding department has now the responsibility to enter the received information to ERP. The confirmed country of origin and expiry date of the declaration will be visible to anyone with the access to the item information in ERP.

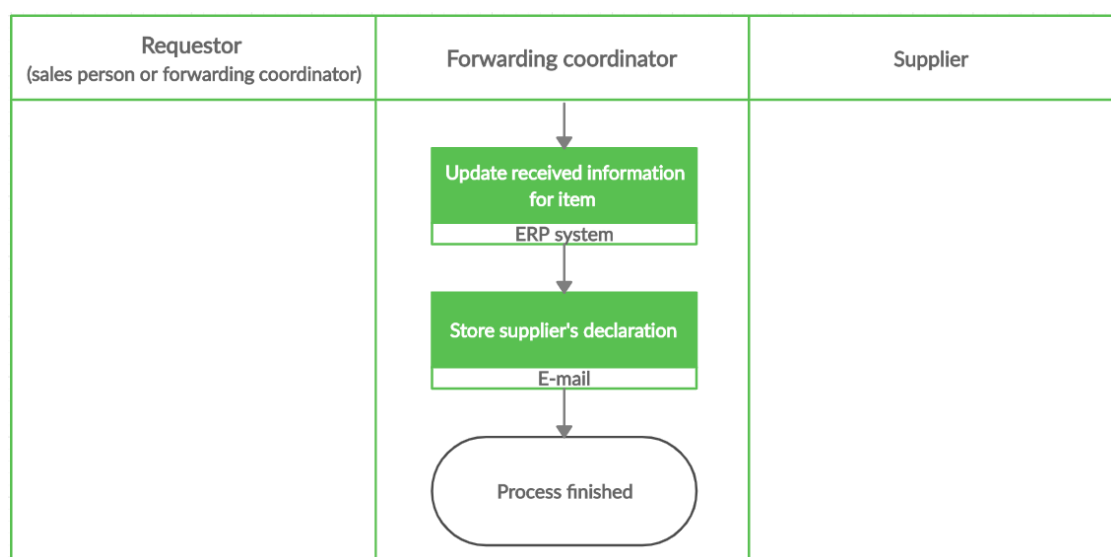All supplier's declarations must be stored for at least six years from the end of the calendar year in which the items were exported. This is ordered in the Customs Order 6/2016 about exporter's archiving. The rule applies to all customs documents, including purchase and sales invoices and documents about production and dispatching. (Viennin etuuskohtelut n.d.)

4. Challenges of the process

Valmet Technologies has a vision to become the global champion in serving their customers (Strategy n.d.) As a part of that, all processes should be as seamless as possible. This includes the preferential origin process. The current state of the preferential origin process could be better. There are several factors which makes the process slow, inefficient and frustrating.

As described in chapter 3, the current preferential origin process is mainly manual. There are several parts which can go wrong due to human errors, such as typing out wrong information, missing a received e-mail or forgetting to save changes in ERP. These problems would be easiest solved by automating them. Automating the process would make it easy and efficient for end users.

One option to automate the process would be to add new functionalities to the ERP system. The functionalities would take care of moving the process along and creating the supplier's declaration form based on the information it would collect about

items, suppliers and sales orders. This would be convenient as automating would utilize ERP instead of requiring a separate program or system as a platform.

Currently Valmet Technologies is still implementing the new ERP system to its organizations, business lines and locations. This is a major project which has been going on for years and will continue for years, as well. Understandably the focus stays for now on securing the implementation and ensuring the operational reliability. All additional, convenient functionalities to ERP system are secondary, so unfortunately this option is not possible for now. However, in the time frame of next 3-5 years, the plan is to add functionalities like these to the ERP system. (Guimaraes 2019.)

Another option would be to utilize software robotics, which is a new platform tool expected to be implemented in certain processes at Valmet Technologies during 2020. Using the software robotics could be executed faster than ERP option. After getting the approval, the material for training the robot would be gathered and testing could start. (What is software robotics? 2019.)

However, the software robotics option poses its own challenges. All data needed to create the supplier's declaration form would have to be in an absolutely unambiguous, digital format. Any slight differences in material could end up to faulted results. In addition, the robot would have to retrieve information from multiple platforms and systems, which would significantly increase costs and make the option very expensive. (What is software robotics? 2019.)

Both automating options require a lot of background work and research. As usually in big companies, new processes require approvals from the higher levels in the organization. Creating automated functionalities, whether in ERP system or with software robotics, would cost a great deal of time and money. The new solution proposal would have to be proven worthy of executing by calculating the savings it could create for the company in the long run.

Table 4. Summary of solutions to develop preferential origin process

Development focus	Pros	Cons
Automated funcionalities in ERP	Easy for user, speeds up process	Not possible to implement for now
Automated functionalities with software robotics	Easy for user, speeds up process	Not possible to implement for now
Solving challenges in current process	Improves process, easy to implement, fast results	Not a permanent solution

Since fully automating the entire process is not possible within the time frame of the thesis, I chose to focus in improving the current, manual process to become more fluent. This will make preferential origin process more user-friendly until bigger changes are possible. Challenges and development ideas related to them are presented in the following subchapters.

4.1   Delayed initial

The first challenge in the preferential origin process is to make sure that the process is really initiated in time. Unfortunately, a pop-up notification often does not trigger the desired reaction. In general, people tend to close the notifications without even reading the content. According to a study conducted by Sumo, only 3.09% of people who received a pop-up notification reacted to it as instructed (Bestor 2019).

So, if the sales representative fails to send an e-mail request to forwarding department telling about the missing supplier's declaration, the entire process will be severely delayed. Process will then begin only when the forwarding coordinator notices the missing declaration. This means that the item has already been purchased from a supplier, received to our warehouse, picked & packed and it is ready for shipping.

Thus, the entire process may be delayed by weeks or even months, depending on the lead time of the item, as illustrated in figures 12 and 13.
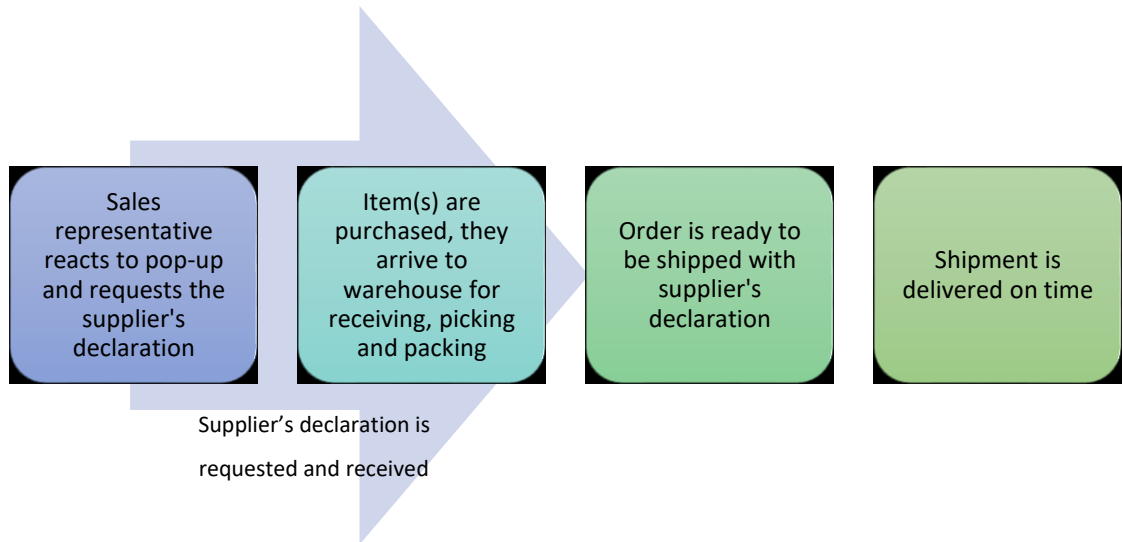

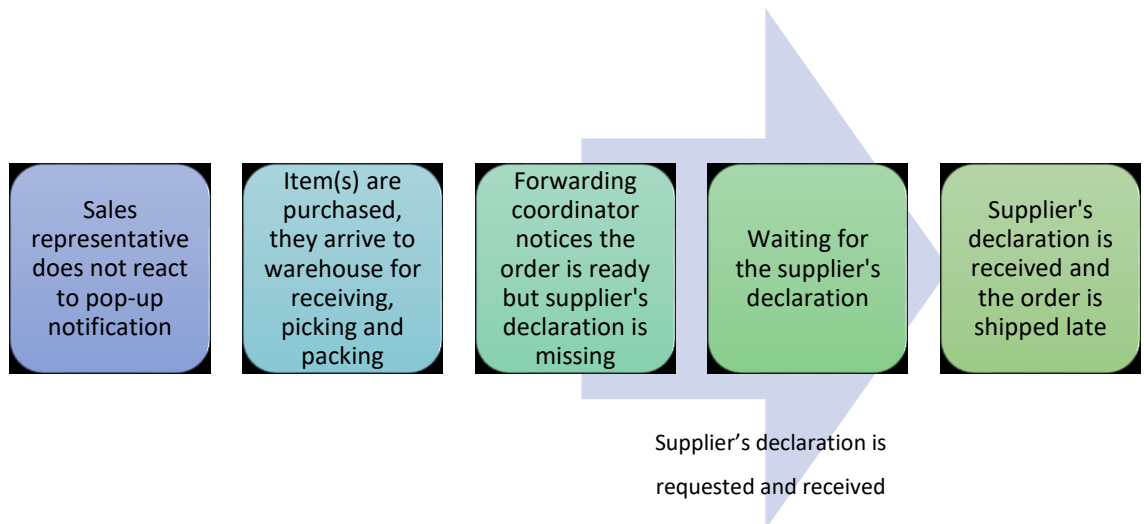Figure 12. Scenario 1: Supplier's declaration is requested on time

Figure 13. Scenario 2: Supplier's declaration is not requested on time

The delayed delivery time will have a negative impact on the warehousing and shipping statistics. The estimated demand for storing space and inventory value increase. The goods which would be otherwise ready to go, are binding company's capital to the warehouse. In addition, they are causing additional storing and handling costs. If the promised delivery time is exceeded, customer relationships will suffer and customer's confidence in the company will decrease. At worst, repeated delays in deliveries can cause the customer to change to a competitor company. (Baker etc 2017, 291-298.)

There are different options to make sure the supplier's declarations are valid in time for shipping the order. On paper, the easiest solution would be to maintain valid supplier's declarations for all possible items, at all times. Unfortunately, this is not possible with the current preferential origin process, which is highly manual and laborious.

Valmet Technologies has over 120,000 items which are being actively purchased from suppliers (Hughes 2019). In addition, the items are purchased from around 7,000 different suppliers (Laitiainen 2019). This means that the volume of maintained supplier's declarations would require much more work capacity than what is available for it. Valmet Technologies would have to be willing to put significant amounts of resources to make it work. It might not be profitable enough since only customers from free trade agreement countries would benefit from all that work.

Another option is adding a new, automated functionality to ERP system. Instead of the ERP system giving out a pop-up notification to the sales representative, it could proceed to send the request about a missing supplier's declaration to the forwarding department – or even better, directly to the supplier. The latter option would require that the ERP system was also able to create the form for the supplier to fill and return.

This option would be preferred as it would speed up the process and make it less dependent on human action. As told before, focus of the ERP system developments is now in securing daily operations and getting whole Valmet Technologies to

implement the ERP system. Developing new, automated functionalities in ERP will be more relevant in few more years.

Since it is not possible to execute major solutions such as the two options above, I chose to tackle the delays in initial by basic education and feedback. Hattie & Timperley (2007) emphasize the importance of information and communication in their article The Power of Feedback. Feedback is one of the most powerful influences on learning and can provide major realizations. I decided to increase sales representative's knowledge about preferential origin process to make sure they do not cause delays in the process due to lack of information.

Table 5. Summary of possible solutions to delayed initial

Solution to delayed initial	Pros	Cons
Maintaining valid supplier's declarations for all items	All items would have supplier's declarations	Impossible with the current process, very laborous
Automating the request for supplier's declararation	Very easy for end user	Not possible to implement for now
Informing sales representatives about the importance of topic	Easy to implement, fast results, cost-efficient solution	Not a permanent solution

E-mail, phone and Skype discussions with sales representatives revealed that not all of them were aware of the importance of the subject. Especially the ones located outside of Finland were unaware of their responsibility to react to the pop-up notification. The reason for this may be that Finland was the first location to implement

the new ERP system and smaller locations outside of Finland did not possibly get as thorough training once they started to use the ERP system. I requested the ERP key users of sales teams to make sure the sales instructions were up to date and shared with all end users who create sales orders.

Once the sales representatives were reacting to pop-up notifications and sending e-mail requests to get supplier's declarations, I wanted to reinforce that behavior. I gave them positive feedback by using Valmet Technologies' feedback system called HighFive (figure 14). The system allows you to express your gratitude by sending a virtual high five to a colleague. The chosen colleague will receive an electronic card with a message written by the sender. The message will be visible for the recipient's manager as well, so it gives off a positive impression of the receiver.
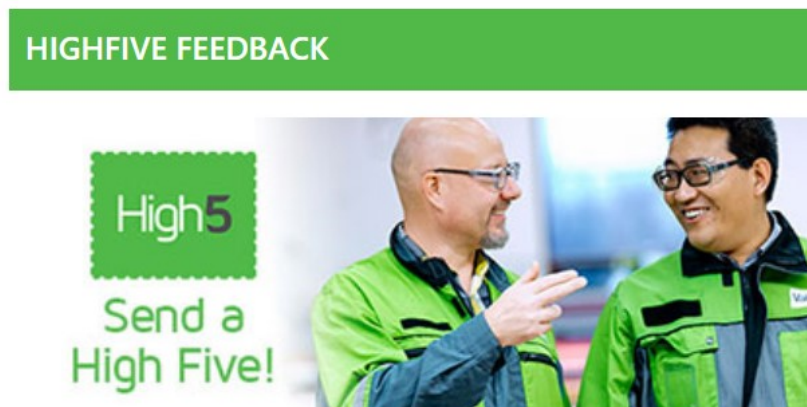

Figure 14. Channel for positive feedback by Valmet Technologies

Additionally, I created an information sheet to bring more attention to supplier's declarations and the correct way to react to the pop-up notification of missing declaration. I made sure to keep the information sheet visually interesting and informative. I

created one version in English and another in Finnish. The English version can be found from appendix 3.

With my manager's approval, I distributed the information sheet to sales departments. I explained what the message was about and asked to print out the information sheet to put it somewhere visible. I offered to answer any related questions that the topic might raise.

4.2   Supplier's contact information

In the next part of the process, the supplier's declaration form will be sent to the supplier. The challenge in this part is finding and selecting an e-mail address to reach the supplier. This task sounds simple but has caused many challenges.

The current solution for this is using an electronic database CoMPass which contains contact information of all Valmet Technologies' suppliers, customers etc. The database is available for everyone in Valmet Technologies to use but it is fairly time consuming. For each e-mail address, the user must open the database, search for the related supplier, open the tab[10] with contact information and choose one from a wide selection of e-mail addresses.

The database contains all known contact information for each supplier. There are general e-mail addresses (such as info@supplier.com, order@supplier.com), addresses for different departments of the supplier company (production@supplier.com, warehouse@supplier.com) and addresses for each person working for the supplier company (firstname.lastname@supplier.com).

Choosing a general e-mail address will reach more people at once. It might seem like the best option, as the request would be seen by many people who could return the supplier's declaration. Unfortunately, e-mail messages sent to shared e-mails tend to

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[10] A second or further document or page that can be opened on a spreadsheet or web browser.

be treated less urgently or even left unanswered. Possible reason for this is that everyone assumes that someone else has already handled the message. Additionally, general e-mail addresses often receive big volume of messages, so it is common that individual messages drown under all others.

Choosing a personal address gets answered more likely as people tend to react to them with more responsibility. However, it is difficult to know the right person to handle the supplier's declarations. The person receiving the message may not have a right or knowledge to fill and sign the form. In a big company, they might not even know who they should forward the message to. Sometimes the personal address belongs to a person who is on a sick leave, parental leave, changing positions or has left the company. All this causes delays in getting a reply from the supplier.

After working for a while with the preferential origin process, I learned which e-mail addresses were right for each supplier. I was able to use the same addresses, which had previously returned valid supplier's declarations for the items we had requested. This made the process faster and more reliable. The downside was that the information of working e-mail addresses was in my e-mail folder and not available for other users.

Table 6. Summary of possible solutions for getting supplier's contact information

Method for getting supplier's contact information	Pros	Cons
Valmet Technologies' database CoMPass	All contact information in the same place, available for all	Overwhelming selection of contacts
Previous contacts in e-mail	Working contact information	Not available for other users, not comprehensive selection of contacts
List in Excel	Working contact information, easy to use, fast to use, available for all	Not fully comprehensive selection of contacts

The solution to overcome these challenges was to collect these working e-mail addresses to a simple list and make it available for others. I took benefit of the Excel which is used for creating the supplier's declaration forms. I added a new tab and listed only the necessary information: e-mail address, supplier's name and their Valmet Technologies partner ID number. The list is in alphabetical order and works well with search-function, so it is easy and fast to find the needed contact information. So far, the list has valid contact information for 250 suppliers.

4.3   Supplier's passive communication

After the supplier's declaration form is sent to supplier, we wait to get a respond. Sometimes the declaration is related to an important, expensive order which needs to be shipped as soon as the preferential origin can be proved with supplier's declaration. In those cases, the sales representative or the end customer may be repeatedly asking from forwarding department whether the supplier has returned the declaration or not.

If we do not hear back from the supplier after few days or a week, we send a reminder e-mail. We may add other recipients to the reminder e-mail, in case the original receiver is not within a reach for some reason. Sometimes we follow up with a call to supplier to make sure the e-mail has been received and offer help with any questions related.

If the customer and sales representative are not aware of an item waiting for a supplier's declaration, we may not notice that the supplier never responded. The work load and volume of supplier's declaration requests in forwarding department are too high to expect that a missing declaration would be noticed. This leads to situations, where the order is shipped without a supplier's declaration. The customer has to pay full customs fees, even though the items on order would be justified for preferential treatment.

To increase activity with suppliers' response rate, I thought of different solutions. The biggest motivation in business is usually economical so a reward system for suppliers

would most likely work as an accelerator for active communication. The reward could be monetary or for example an increased share of business. (Kemp, Modeland & Van Dyke 2008.)

The rewarding system was not an option I could have put into practice during the time of my thesis work. The requirements for planning, operating and maintaining the reward system would have been way out of my hands and required much bigger work capacity than I could have offered.

Next, I considered similar approach as I did with delayed initials and sales representatives. I thought the suppliers might respond more actively if they were educated about the importance of supplier's declaration and the impact they have on our deliveries. This could have been implemented quite easily with reaching the suppliers by e-mails or phone calls. However, I rejected the option as it would have been very time consuming considering the number of suppliers we work with. I was also worried suppliers might consider phone calls during busy work days annoying.

Table 7. Summary of possible solutions to supplier's passive communication

Solution for supplier's passive communication	Pros	Cons
Rewarding system for suppliers	Great motivation	Not possible to implement for now, causes extra costs, difficult to maintain
Informing the suppliers about the importance of topic	Fairly easy to implement	Very time consuming, might be considered annoying, not possible with current capacity
Updating the cover letter	Easy to implement, fast results, no costs	Not necessarily a big impact

Instead of focusing on suppliers, I decided to make sure our approach was as understandable and self-explanatory as possible. While critically looking at our cover letter, I noticed the text was quite stiff and obsolescent. With a quick glance it could have

looked like a spam e-mail to a suppler. I discussed the issue with my manager and found out the text had not been changed in years, so it was not fitting to a modern corporate communication style. I got a permission update the cover letter to a more approachable, clear version.

4.4   Storing the declarations

Proper storing of the supplier's declarations is the responsibility of each organization who uses the declarations in exporting. The supplier's declarations must be retained for 6 years from the end of the calendar year of when the goods have been through customs clearance (current year + 6 years.) The declarations must be available for this whole time in the case the customs authorities need to check them. They can be stored in paper or electronic form. (Ohje valtuutelle viejälle 2019.)
Safe retaining of supplier's declarations was something that we had not considered carefully enough before. To store the declarations, the declarations were simply moved from e-mail inbox to another e-mail folder. The problem with the solution was, that after 12 months from receiving, e-mail messages get automatically deleted from the active folders, which we are able to access. This is a default setting in the company due to a huge volume of e-mails and the domain they require on a company level.

If the customs authorities would ask us to share a declaration which was sent to us more than a year ago, it would be very difficult to access it. We would have to ask someone who has access to inactive folders and e-mail messages which were sent more than 12 months ago.

To ensure sufficient storing period of declarations, we had to choose a new way to store the files. As the declarations are received in electronic form, it would not make sense to print them out on paper and store somewhere physically. That would create an avoidable demand for printing paper, folders and space to store them. It would also decrease fire safety, as the amount of flammable material in the office would increase.

Third option was to start storing the declarations in M-Files, a cloud storage[11] being used at Valmet Technologies. A cloud storage offers a fairly safe way to store documents. It can be allowed to be accessed by anyone who needs it and it is available from any physical location. Documents can be easily found by using a search-option so there is no flipping through actuals folders of paper. Cloud storage does not require any physical storage space. Only downsides are the extra work that comes from moving the declarations from e-mail to cloud and possible accessibility issues if the network connections are not working.

Storing option	Pros	Cons
Physical form	Easy to use	Need for storage space, requires printing and filing work, decreases fire safety, searching is slow
E-mail folder	No extra work, easy to search	Insufficient storing time
Cloud folder	Easy to search, great availability, safe, no physical storage space needed	Extra work, possible accessibility issues

Table 8. Summary of possible solutions to store supplier's declarations

The cloud folder was the best option for storing supplier's declarations, so I suggested it to my managers and got an approval to implement it. All received supplier's declarations were copied to a designated cloud folder where they are kept until they

11 Cloud storage is a model of computer data storage in which the digital data is stored in logical pools. The physical storage spans multiple servers (sometimes in multiple locations), and the physical environment is typically owned and managed by a hosting company.

are not needed anymore. The folder is available for everyone from the forwarding department and logistics.

5. Summary of results

The main objective of the thesis was to optimize the flow of goods with preferential origin. To help me with the research process I had three research questions I needed to get answers to. First, what is the current state of the preferential origin process in Valmet Technologies? I used observation and analysis as my main research methods. As planned, I followed and implemented the preferential origin process for six months. I used process descriptions and flow charts as tools to analyze the results.

The results to this first research question are fully trustworthy, as I received a thorough understanding of the process and its impacts. The process descriptions and flow charts were confirmed to be correct by Eva Guimaraes, a process owner and Marija Hyvärinen, a specialist of the company. This adds the credibility of the results.

Second, how to reach a well-functioning preferential origin process? In the beginning, I was hoping to find out that it would be possible to automate the process. It would have been the most optimal solution to reach a well-functioning preferential origin process. Unfortunately, I quickly found out it was not possible within the timeframe and capacity of my thesis.

So, I ended up choosing to tackle the challenges of the current preferential origin process. Since the process was well analyzed with the first research question, it was easy to see where the main problems of process were. I thought of multiple solutions to each challenge and chose to implement the ones that came with most pros and least cons, summarized in table 9.

Table 9. Summary of chosen solutions

Challenge	Chosen solution
Delayed initial	Informing sales representatives
Supplier's contact information	List in Excel
Supplier's passive communication	Updating cover letter
Storing the declarations	Cloud folder

Third question was how to ensure that the required supplier's declarations are applied early enough? This research question was selected as we experienced that one of the main problems was that the preferential origin process started too late. We had plenty of occasions where the traded goods were ready for shipping, but we did not have a request for supplier's declaration. At the time we requested it, the order was already supposed to be shipped.

The solutions to the challenge of delayed initials were equally solutions to the third research question. Using feedback and information to educate about the importance of supplier's declarations and preferential origin process worked great. Sales representatives started to react more to pop-up notifications and actively made requests to get supplier's declarations.

The results were what I hoped for as the delayed initials of the process decreased. The supplier's declarations were more often ready by the time the orders were ready for shipping. The increased discussion and feedback related to the topics of supplier's

declarations and preferential origin treatment added focus on them and made the beginning part of preferential origin process more reliable.

There was one unexpected side effect, however. Since the forwarding department was able to request supplier's declarations right after the sales order was created, it sometimes happened too fast leading to confusion. If the purchasing department had not yet made a purchase order from a supplier, the supplier did not understand why we were asking for a declaration for something they had not supplied to us. This was resolved by allowing and advising suppliers to wait for the purchase order.

Even though the results were mainly positive, there are other factors impacting to results which must be taken into consideration when looking at the results. The increase in supplier's declaration requests could also be due to a general increase in the amount of sales orders. If there were more orders made to free trade countries than before, it would have logically resulted into more requests for supplier's declarations. There is also a chance that the purchasers of Valmet Technologies had changed to new suppliers more actively than usually. This would also result in an increased number of items missing a supplier's declaration.

The next challenge in preferential origin process was selecting the right contact information to each supplier. The Excel list of main e-mail addresses proved to be a very simple but well-functioning solution to a problem, which was causing unnecessary delays and communication problems. Searching for the contact information got easier and faster, which helped the process to move along faster as well.

From the perspective of an end user, the results were positive and reliable. The time that went into searching for the right e-mail address was more than halved. This finding was confirmed by another end user, logistics coordinator Jari Paavola, who has an active role with the preferential origin process in Valmet Technologies. Since the results can be measured in time and are easily comparable, they are credible.

Another challenge was suppliers' low response rate to our e-mail messages. By shifting the focus on what we could do to appear more approachable and

understandable, I realized the importance of the default cover letter that was attached to every request email to suppliers. By updating the text from stiff and overly formal to a more modern and simpler version, I saw an increase in activeness of suppliers. We received the supplier's declarations faster and the need to send reminders decreased.

By a common sense, people are more likely to respond to a simple, kind message rather than to a confusing, stiff message. However, without further researching, it cannot be testified that the increased activeness of suppliers was resulted by the updated cover letter. It could be that suppliers happened to be more active during the time the results were observed. Maybe they were less busy with other work, had less employees absent, prioritized customer contacts or any other random variable. Therefore, the results cannot be classified as reliable.

Last challenge in process was to solve how to store the declarations the way the law requires us to. Another simple solution was created, and the cloud service was chosen as the best option. The extra work of moving the declarations from e-mail to cloud feels very reasonable considering that the storing time of current + 6 years is not optional. The cloud folder ensures that the declarations are available anytime for anyone who needs them. The cloud also transfers the scanned declarations to .pdf-files so they are easily found with the search-function of the cloud.

This was a result that can be reliably counted successful. There was no common knowledge of who would have to be contacted, to get a supplier's declaration from an e-mail sent over a year ago. Comparing that to the easiness of accessing all supplier's declarations in a cloud service, this challenge was well resolved. To make sure my opinion was not biased, the results were ran through the whole forwarding department and everyone agreed that the results made this part of process easier and faster.
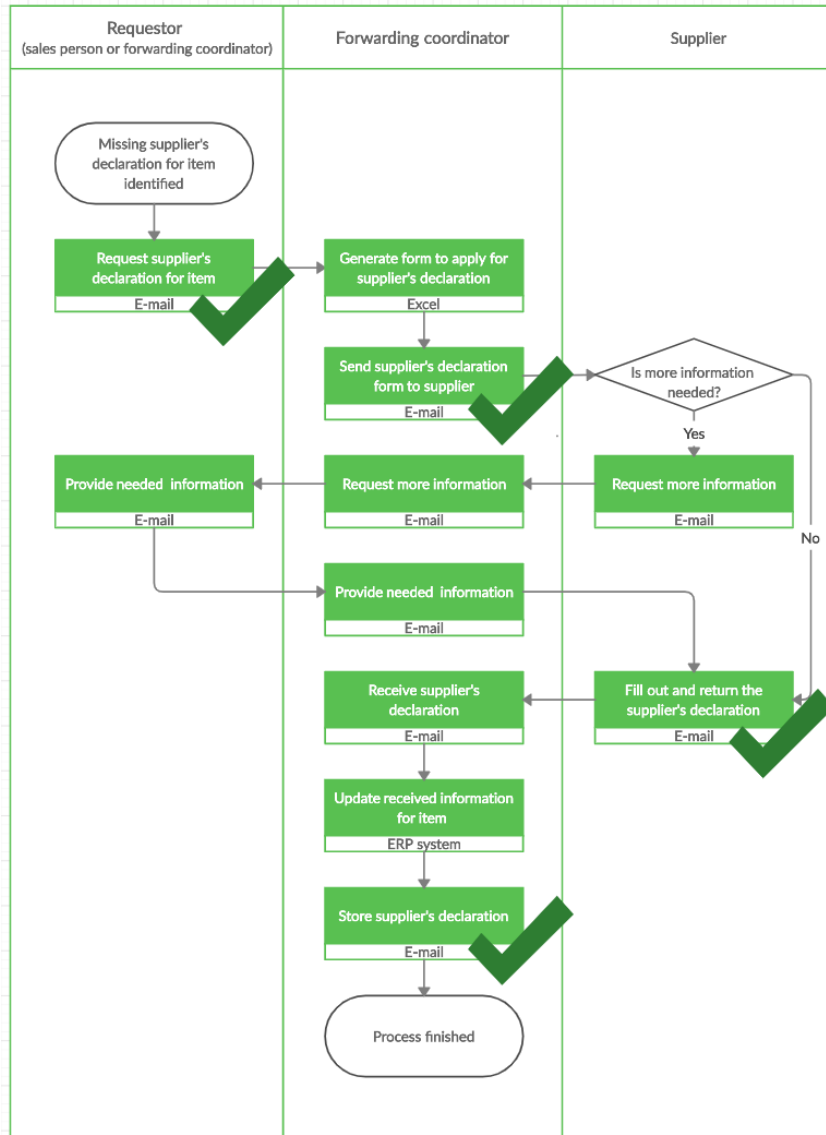
Figure 15. Improved parts of preferential origin process

All developed parts of the preferential origin process in Valmet Technologies have been marked with check-marks to the process flow chart in figure 15. It shows how many parts of the process can be improved with a simple but thorough process analyzation and problem solving. All executed solutions were simple enough for one employee to implement, yet made the whole process better for sales representatives, forwarding coordinators and suppliers. This proves the impact of continuous improvement and the power of an individual.

6. Conclusions

Besides awarding customs benefits for the customer, valid supplier's declaration means the exporting company is able to proceed to shipping the traded goods sooner. This is crucial to avoid delays in shipments and to keep the customers satisfied. This process has wide impacts in supply chain, and I am glad I chose the subject as the theme for my thesis.

The original schedule of the thesis proved to be underestimated. The planned content and perspective of the thesis got updated during the thesis process which directly affected the schedule. Additionally, I ended up switching the thesis language from Finnish to English to be able to reach a wider audience for my thesis. I felt this was necessary in a global company where the common corporate language is English. I extended my schedule to ensure that the quality of the thesis does not get affected by the schedule.

Other than that, I was satisfied with the execution of my thesis process. Valmet Technologies made it possible for me to participate to a great training session about the importance of origin and trade agreements in exporting, arranged by Samex Solutions Oy. It was a great addition to my sources for the theoretical basis, especially because theory in literature gets outdated fairly fast. Rules and regulations in this field change constantly and it was challenging to find relevant books for sources. Most up-to-date information seems to be in databases and articles online.

While working on my thesis, I was also able to make small but concrete changes in ERP system related to the preferential origin process. I created an incentive to add a new information field to a print-out used for identifying packed items missing a supplier's declaration. The print-out did not use to specify whether the item missing a supplier's declaration was purchased or manufactured. This resulted on unnecessary requests to get supplier's declarations for manufactured items and was easily fixed with the solution I proposed.

There was no funding budgeted for the process improvements and I considered the option of keeping the thesis fully theoretical. I was happy to come out with solutions which were possible to execute without any budget. I took advantage of the services we already had in Valmet Technologies, such as our cloud service and HighFive feedback channel. I also put my own time and effort in the solutions, like provided education and feedback about preferential origin process to sales representatives.

There is a definite need to follow up on the preferential origin process in Valmet Technologies. The plans to automate the process are still very theoretical and they are just one small part of a big selection of processes which need to be developed in the ERP. In a big company it is sometimes challenging to get others to understand the meaning of a process which seemingly does not impact them. Preferential origin process may seem trivial to many, when in fact it has a clear effect on inventory value, delayed shipments to free trade agreement countries and customer satisfaction.

In the near future the preferential origin process will be operated by master data team - another department of Valmet Technologies. It will make more sense for them to manage and develop the preferential origin process once the whole global organization is using the same ERP system. The master data team is able to control item data centrally for all business units of the organization.

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Figure 1. Logo of Valmet. (https://www.valmet.com/globalassets/media/media-gallery/logos/valmet_logo_cmyk.pdf)

Figure 2. An example of how HS code is formed. (https://gcelogistic.com/wp-content/uploads/2019/08/Apple-HS-Code-GCE-Logistic-Importer-of-Record-HS-Code.png)

Figure 3. European Community Certificate of Origin. (Certificate_of_origin_%28COO%29_-_Finland_%28EU%29.png)

Figure 4. EUR.1 movement certificate. (https://www.eur1.ch/images/popover/eur1_vorne.jpg)

Figure 5. An example of savings with preferential origin.
(https://madb.europa.eu/madb/atDutyOverviewPubli.htm?countries=CL&hscode=84
3999#)

Figure 13. Channel for positive feedback by Valmet Technologies. Screen capture
from Valmet Technologies' internal website.

Appendices

Appendix 1. List of free trade agreement countries

Tilanne 01.02.2019, suuntaa antava luettelo, (GSP:n NO-, CH-, TR- kumulaatiota ei ole otettu tässä huomioon)
Viennissä Japaniin, Kanadaan ja EU:n GSP-järjestelmän edunsaajamaahan viejän tulee olla rekisteröitynyt tullissa EU:n REX-tietokantaan laatiakseen etuuskohteluun oikeuttavia alkuperäselvityksiä.

Etuuskohteluun oikeuttavat alkuperäselvitykset viennissä EU:n sopimusmaihin ja tietyille alueille:

Viennin kohdemaa	Alkuperäselvitys: todistus	Muu alkuperäselvitys kuin todistus	Enintään, jos ei valt. eikä rekist. viejä, euroa	Alkuperäselvitysten käytön tarkoitus ja rajoitukset sekä muut huomautukset
ETA (Efta): f) j) - Islanti - Liechtenstein - Norja	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- -" - a)b)c)	6 000	Oikeuttavat sopimuksen mukaiseen etuuskohteluun viennin kohdemaassa (tullittomuus tai tullinalennus).
Sveitsi (Efta) f)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- -" - a)b)c)	6 000	Kuten edellä
Färsaaret f)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- -" - a)b)c)	6 000	Kuten edellä
Algeria j) k)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- -" - a)b)c)	6 000	Kuten edellä
Marokko j) k)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- -" - a)b)c)	6 000	Kuten edellä
Tunisia j) k)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- -" - a)b)c)	6 000	Kuten edellä

Egypti k)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- -" - a)b)c)	6 000	Kuten edellä
Jordania k)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- -" - a)b)c)	6 000	Kuten edellä
Libanon f)	EUR.1	Kauppalaskuilmoitus a)b)c)	6 000	Kuten edellä
Syyria	EUR.1	EUR.2-lomake d)	2 590	EUR.1 tai EUR.2-lomake voidaan antaa alkuperätuotteille viennissä, jos on kysymyksessä kahdenvälisen kumulaation[1] soveltaminen EU:n ja Syyrian välillä. Muissa tilanteissa alkuperä osoitetaan luotettavalla asiakirjanäytöllä, esim. valmistajalta saadulla selvityksellä.
Israel f)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- -" - a)b)c)	6 000	Oikeuttavat sopimuksen mukaiseen etuuskohteluun viennin kohdemaassa (tullittomuus tai tullinalennus).
Länsiranta ja Gaza (Palestiina) k)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- -" - a)b)c)	6 000	Kuten edellä
Turkki, tulliliittotuotteet j) f)	A.TR. e)	-		A.TR.-todistusta käytetään tulliliittotuotteille eli muille kuin hiili-, teräs- ja perusmaataloustuotteille. A.TR.-todistus osoittaa vapaassa liikkeessä olon ja oikeuttaa tullittomuuteen.
Turkki, hiili- ja terästuotteet f)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- -" - a)b)c)	6 000	Hiili- ja terästuotteiden (= vapaakauppatuotteet) on oltava alkuperätuotteita. EUR.1/EUR-MED-todistus tai kauppalaskuilmoitus/EUR-MED-kauppalaskuilmoitus oikeuttavat

				sopimuksen mukaiseen kohteluun viennin kohdemaassa (tullittomuus tai alennettu tulli).
Turkki, perusmaataloustuotteet f)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED- - " - a)b)c)	6 000	Perusmaataloustuotteiden (= vapaakauppatuotteet) on oltava alkuperätuotteita. EUR.1-/EUR-MED-todistus tai kauppalaskuilmoitus/EUR-MED-kauppalasku-ilmoitus oikeuttavat sopimuksen mukaiseen kohteluun viennin kohdemaassa (tullittomuus tai alennettu tulli).
Albania f)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED-kauppalaskuilm. a)b)c)	6 000	Oikeuttavat sopimuksen mukaiseen etuuskohteluun viennin kohdemaassa (tullittomuus tai tullinalennus).
Makedoania f)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED-kauppalaskuilm. a)b)c)	6 000	Kuten edellä
Montenegro f)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EURMED-kauppalaskuilm. a)b)c)	6 000	Kuten edellä
Bosnia ja Hertsegovina f)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED-kauppalaskuilm. a)b)c)	6 000	Kuten edellä
Serbia f)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED-kauppalaskuilm. a)b)c)	6 000	Kuten edellä
Kosovo f)	EUR.1 tai EUR-MED	Kauppalaskuilmoitus tai EUR-MED-kauppalaskuilm. a)b)c)	6 000	Kuten edellä
Moldova f)	EUR.1 tai EUR-MED	Alkuperäilmoitus tai EUR-MED-alkuperäilmoitus a)b)c)	6 000	Kuten edellä
Georgia f)	EUR.1 tai EUR-MED	Alkuperäilmoitus tai EUR-MED-alkuperäilmoitus a)b)c)	6 000	Kuten edellä
Ukraina f)	EUR.1 tai EUR-MED	Alkuperäilmoitus tai EUR-MED-	6 000	Kuten edellä

		alkuperäilmoitus a)b)c)		
Andorra f) i)	EUR.1	Alkuperäilmoitus a)b)c)	6 000	Annetaan vain alkuperätuotteita oleville maataloustuotteille etuuskohtelun saamista varten (muille tavaroille tulliton kohtelu tulliliittosopimuksen nojalla).
Ceuta ja Melilla f)	EUR.1	Kauppalaskuilmoitus a)b)c)	6 000	Oikeuttavat sopimuksen mukaiseen etuuskohteluun viennin kohdemaassa (tullittomuus tai tullinalennus).
Kanada f*), REX	Ei käytössä	Alkuperäilmoitus a1)b)c1)	6 000	Kuten edellä
Japani, REX	Ei käytössä	Alkuperävakuutus a1)b)c1)	6 000, vain rekisteröity viejä useille lähetyksille	Kuten edellä
Etelä-Korea	Ei käytössä	Alkuperäilmoitus a)b)c)	6 000	Kuten edellä
Meksiko f)	EUR.1	Kauppalaskuilmoitus a)b)c)	6 000	Kuten edellä
Chile f)	EUR.1	Kauppalaskuilmoitus a)b)c)		Kuten edellä
Kolumbia, Peru ja Ecuador	EUR.1	Kauppalaskuilmoitus a)b)c)	6 000	Kuten edellä
Keski-Amerikka	EUR.1	Kauppalaskuilmoitus a)b)c)	6 000	Kuten edellä
Etelä-Afrikka	EUR.1	Kauppalaskuilmoitus a)b)c)	6 000	Kuten edellä
GSP-maat, REX	Ei käytössä	Alkuperävakuutus a1)b)c1)	6 000	Alkuperävakuutus vain sellaisille EU:n alkuperätuotteille, jotka viedään GSP-maihin jalostusta varten (kumulaation[1] soveltaminen).

CARIFORUM-valtiot (EPA) j)	EUR.1	Kauppalaskuilmoitus a)b)c)	6 000	Oikeuttavat sopimuksen mukaiseen etuuskohteluun viennin kohdemaassa (tullittomuus tai tullinalennus).
Tyynenmeren valtiot (EPA) j)	EUR.1	Kauppalaskuilmoitus a)b)c)	6 000	Kuten edellä
ESA-valtiot (EPA)j)	EUR.1	Kauppalaskuilmoitus a)b)c)	6 000	Kuten edellä
SADC-valtiot (EPA)j)	EUR.1	a)b)c)	6 000	Kuten edellä
Norsunluurannikko (EPA)j)	EUR.1	Alkuperäilmoitus a)b)c)	6 000	Kuten edellä
Keski-Afrikka (EPA)j)	EUR.1(-CMR)	Kauppalaskuilmoitus a)b)c) Alkuperäilmoitus a)b)c)	6 000	Kuten edellä
AKT-maat, markkin.pääsyas. j)	EUR.1	- - -		EUR.1 tai hankkijan ilmoitus voidaan antaa viennissä EU:n alkuperätuotteille, jos niihin tullaan kohdemaassa soveltamaan kumulaatiota^1. Jos alkuperä on tarpeen osoittaa muuta tarkoitusta varten (esim. suosituimmuus-kohtelu), käytetään EU:n yleistä alkuperätodistusta, joita kauppakamarit vahvistavat.
kaikki MMA j)	EUR.1	Alkuperäilmoitus a)b)c)	10 000	EUR.1, alkuperäilmoitus tai hankkijan ilmoitus voidaan antaa viennissä EU:n alkuperätuotteille, jos niihin tullaan kohdemaassa soveltamaan kumulaatiota^1. Jos alkuperä on tarpeen osoittaa muuta tarkoitusta varten (esim. suosituimmuuskohtelu), käytetään EU:n yleistä alkuperätodistusta, joita kauppakamarit vahvistavat.
lisäksi Ranskan Polynesia, Saint-Pierre ja Miquelon sekä Uusi-Kaledonia	EUR.1	Alkuperäilmoitus a)b)c)	10 000	Oikeuttavat etuuskohteluun viennin kohdemaassa (tullittomuus tai tullinalennus).

Huomautuksia:

a)   Valtuutettu viejä kaikenarvoisille lähetyksille

a1) Kanada, Japani ja GSP: Rekisteröity viejä kaikenarvoisille lähetyksille
b)   Kaikki viejät esitettyyn lähetyksen enimmäisarvoon asti
c)   Alkuperätuotteiden sallittu enimmäisarvo lähetyksessä, kun viejä ei ole valtuutettu viejä
c1) Kanada, Japani ja GSP: Alkuperätuotteiden sallittu enimmäisarvo lähetyksessä, kun viejä ei ole rekisteröity viejä

d)   Syyria: Vain alkuperätuotteita sisältäville postilähetyksille
e)   A.TR.-todistuksen voi vahvistaa myös valtuutettu viejä
f)   Tullinpalautuskieltoa sovelletaan ^{2}
f*) Kanada, tullinpalautuskieltoa sovelletaan 21.9.2020 lähtien

i)   Andorra: Alkuperäasiakirjan antaminen koskee vain HS-ryhmien 1-24 maataloustuotteita.
j)Kumulaatiota varten voidaan tarvittaessa käyttää myös hankkijan ilmoitusta EU-maiden keskinäisen kaupan lisäksi seuraavissa sopimuksissa: ETA, Marokko, Tunisia, Algeria, EPA-sopimukset, AKT (markkinoillepääsyasetus), ja MMA (täyskumulaatio) sekä Turkki (paneurooppalainen ja EUR-MED-kumulaatio).
k)   Euro-Välimeri (EUR-MED)-kumulaatiota sovellettaessa tai annettaessa EUR-MED-alkuperäselvitys, on tullinpalautuskieltoa noudatettava, ks. lisähuomautukset.

Lisähuomautuksia:

^{1} **Kumulaatiolla** tarkoitetaan alkuperäsäännöissä tuotteen alkuperäaseman kertymistä eli kumuloitumista sopimuspuolten alkuperäaineksista tai näissä maissa vaiheittain tapahtuneen valmistuksen tuloksena. Sopimuksen osapuolten alkuperäaineksia voidaan siis valmistuksessa käyttää vapaasti, edellyttäen kuitenkin, että näiden ainesten alkuperäasema pystytään aina tarvittaessa todistamaan. Eräät EU:n kahdenväliset vapaakauppasopimukset on kumulaatiomielessä yhdistetty yhdeksi laajaksi paneurooppalaiseksi kumulaatioalueeksi: EU, Eta/Efta-maat (Sveitsi (ei Etassa), Norja, Islanti ja Liechtenstein) ja Turkki. Alue on laajentunut vielä tästäkin, kun useimmat Välimeren alueen maat ovat tulleet mukaan tähän kumulaatioon (Euro-Välimeri -kumulaatio).

Myös kehitysmaat muodostavat eri sopimusten ja järjestelyjen puitteissa kumulaatioalueita, joissa kumulaation laajuus ja luonne vaihtelevat.

^{2} **Tullinpalautuskieltoa** sovelletaan tietyin osin myös Euro-Välimeri-kaupassa. Tällä hetkellä sitä sovelletaan k) -kirjaimella merkittyjen maiden kaupassa silloin, kun sovelletaan EUR-MED-kumulaatiota tai annetaan EUR-MED-todistus tai -kauppalaskuilmoitus.

Appendix 2. Preferential origin process in Valmet Technologies
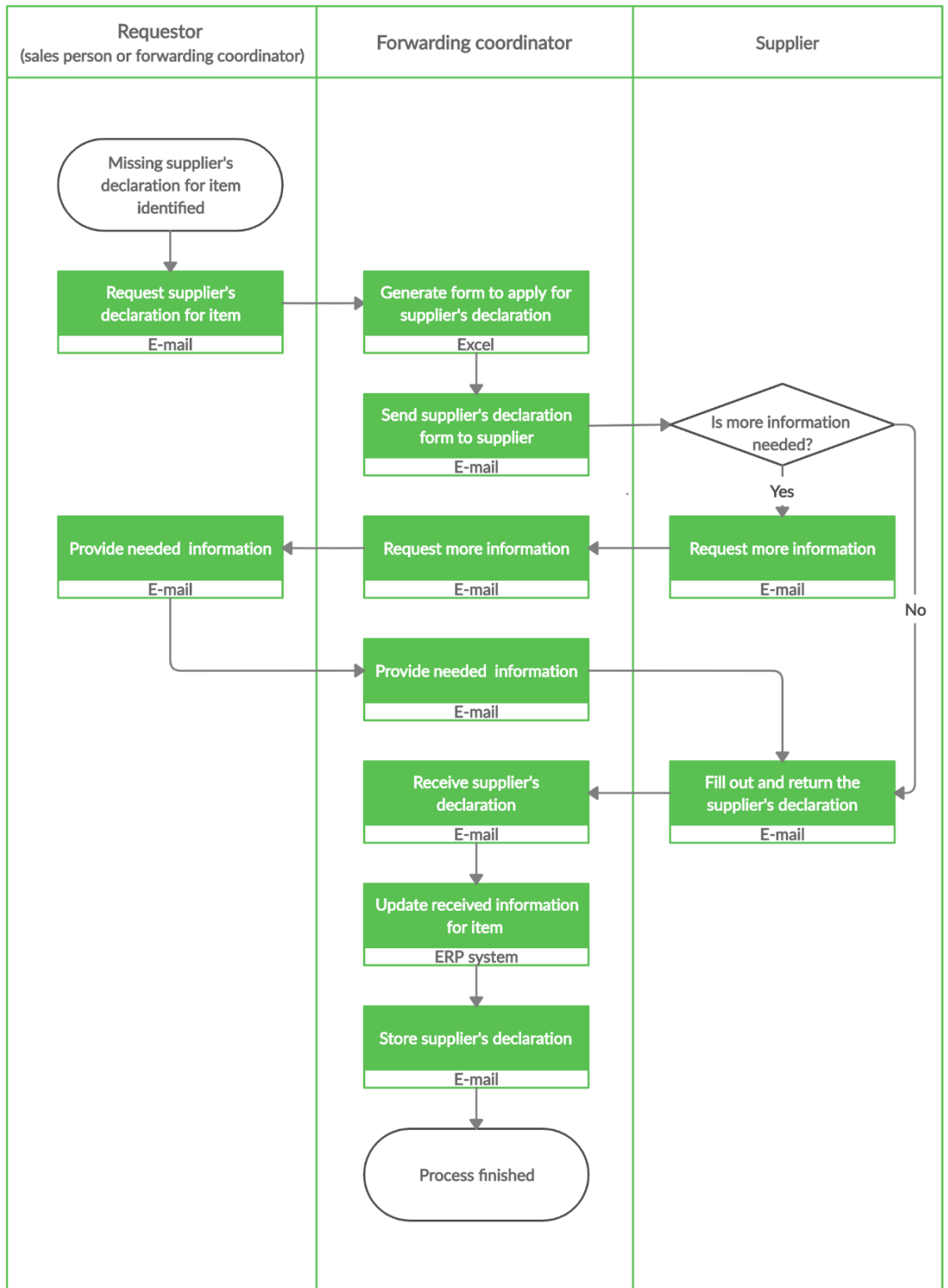
Appendix 3. Information sheet for sales representatives.