

# Origin & Preferences

# ASSIST4

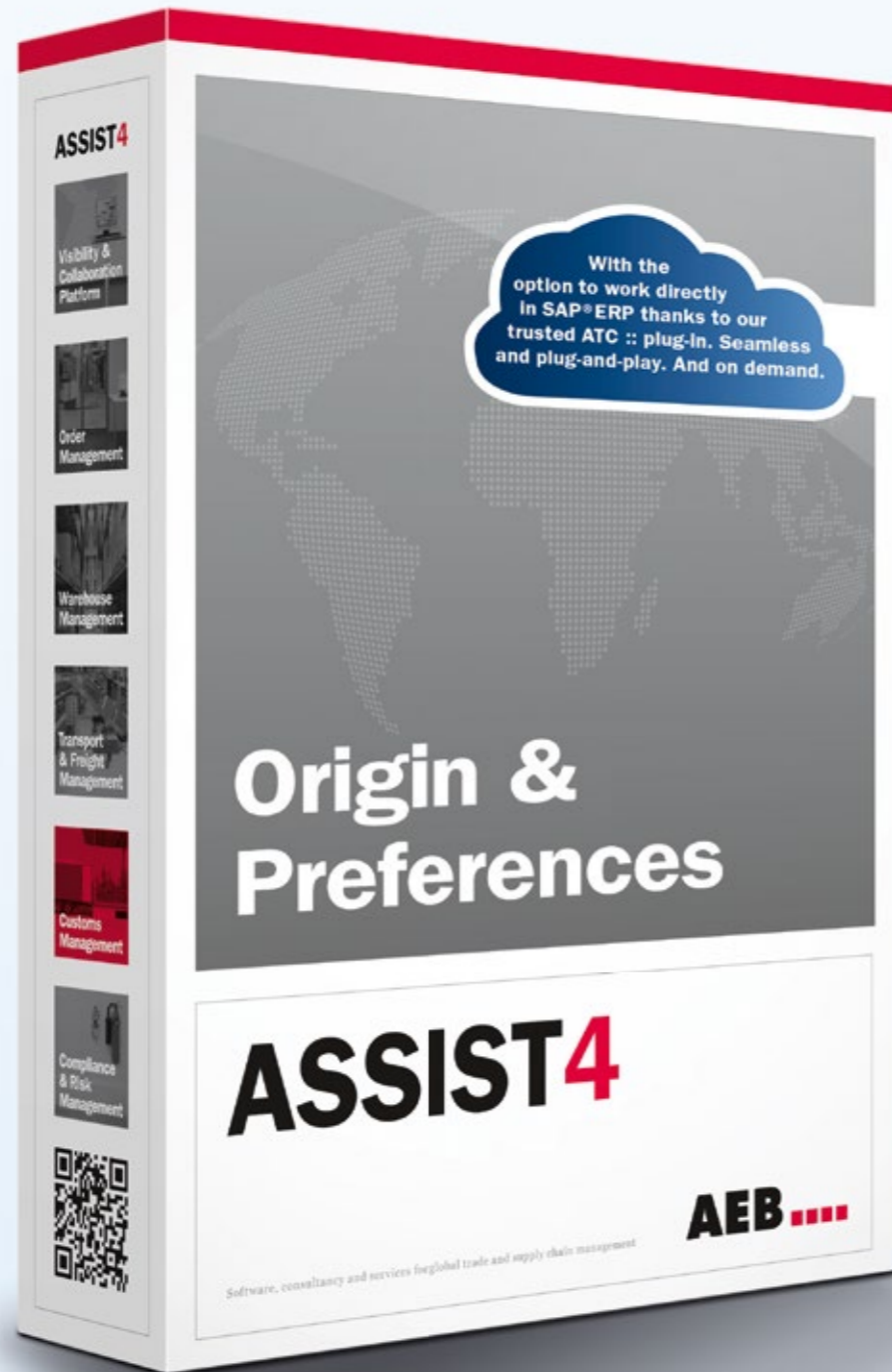
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Software, consultancy and services for global trade and supply chain management

**AEB** ■■■■

# Taking advantage of preferences

ASSIST4 O&P lets your business exploit the benefits that customs law and preferential agreements offer by breaking down the origin of your goods, assessing whether you are legally entitled to preferences, and then requesting, managing, and issuing the necessary proofs and long-term supplier's declarations.



**Preferential origin of your O&P solution: AEB**  
The solution for state-of-the-art, future-ready management of supplier's declarations and preference documents. And for calculating preferences. From the maker of perhaps the most successful software suite for global trade and logistics. ASSIST4 O&P.

## O&P competitive edge

More and more businesses in search of a competitive edge are discovering an area that until now was regarded as a source of costs: customs regulations. Exploiting trade agreements can result in significant gains in your bottom line.

## Real-world picture

Companies that hope to benefit from import and export preferences have to face many challenges. Aligning your processes and systems to take optimal advantage of free trade agreements makes the process simpler and the outcome more certain. But first: What does "origin and preferences" mean for customs law and business management?

## Not always easy to tell

All goods have an origin – a place of manufacture. But in the era of globalization, it's not always easy to determine the origin: Individual parts for products such as cars or e-bikes come from around the world. The sugar used to make chocolate usually comes from another continent. So is "Swiss chocolate" really from Switzerland? Does a "German car" really originate in the EU?

To make matters even more complicated, the law also distinguishes a "non-preferential country of origin" from a "preferential origin." All goods have a non-preferential country of origin; a preferential origin can be earned. How? By meeting the conditions set forth in free trade agreements. Such preferential agreements stipulate how high a percentage of parts of third-country origin a manufactured product may have and still keep the preferential

"EU" origin. In practice, this threshold is set at 40% for some products and as low as 30% for others.

## Customers can save on import costs

If the appropriate thresholds are met, it is possible to take advantage of the free trade agreements that the EU has signed with Switzerland, Mexico, South Korea, and others. In monetary terms, this benefits the importer in the destination country, who pays less or even no customs duties. But the exporting business can also benefit from shipping its goods with a preference document: The money it saves on customs lowers the market price of the products – which can quickly pay off, especially for expensive products with high customs duties.

## Burden of proof for preference entitlements

To ensure these preferences are granted legally, you must of course be able to prove that the "EU" origin is legitimate. But when a product consists of many component parts, proving this preferential origin is difficult – and nearly impossible without IT support – because it depends on suppliers confirming the origin of their primary materials. Many do so in the form of a long-term supplier's declaration. But if goods are exported with an improperly issued preference document based on an inaccurate supplier's declaration, the consequences can be severe. The exporter may be fined and have to reimburse the customer for the back-payment of import duties. That's why it's important for manufacturers to ensure that the supplier's declarations they receive are correct.

## Does ASSIST4 O&P pay? Three questions shed light.

Those in charge should be able to answer three questions: Do the export markets qualify for preferences? Are the potential customs savings in the export market worth the effort? And is it worth the expense of adapting your procurement and supplier management processes for O&P?

The questions are not easy – but if you can answer all three with "yes," then ASSIST4 O&P can offer genuine advantages. These points are especially important for companies already using preferences but still calculating origins manually or managing preference documents in hard copy.

Whether you're new to the world of O&P or already using preferences but looking for a modern, future-ready IT solution: ASSIST4 O&P fits the bill.



## — Preference calculation: automatic with ASSIST4

A complex web of rules defined in specific preferential agreements interact to determine whether a product earns a preferential origin. How customs preferences are granted depends on the country of destination. ASSIST4 helps you find out whether you can benefit from preferential agreements.

### Leave the math to ASSIST4

ASSIST4 helps exporters determine whether their products have a preferential origin – and if so, what the price threshold is. You can import bills of materials with commodity codes, prices, and volumes from the ERP system into ASSIST4. The system includes all bilateral preferential agreements between the EU and other nations and the associated list rules. The system checks whether a preferential agreement is in place for the destination country and whether the manufactured goods are entitled to preference. The importer saves money by paying the lower preferential rate of duty rather than the regular rate.

The purchasing department may also draw interesting conclusions: Procuring a particular part from a third country may not pay off despite lower production costs if it leads to a loss of the preferential EU origin of the end product – and the preferences this brings.

### ASSIST4 supports you with the following features:

- Automatic calculation of preferential origin based on bills of materials and list rules
- Handling of mixed-origin products (containing both in-house and purchased components)
- General tolerance adaptable by agreement
- Calculation of minimum sales prices needed to receive preferential origin
- AEB content service
- Request and management of long-term supplier's declarations
- Multi-level reminder process for outstanding long-term supplier's declarations
- Creation, renewal, and revocation of your own long-term supplier's declarations

## Stay up to date with the AEB content service

Some free trade agreements last for decades. Others are only preliminary or are even suspended. ASSIST4 keeps you up to date, every day. With the AEB data service.

### Countries, zones, agreements

Any attempt to map the landscape of preferences would have to include not just individual countries but entire zones. When a country becomes an EU member, its preferential agreements expire and are replaced by the EU rules. Meanwhile, other countries are signing new agreements with the EU – some unilateral, some bilateral. Keeping up with all of this is not easy. It's not easy for a software solution either: If the software is not regularly updated to incorporate changes to the rules of origin, its calculations will not be accurate. AEB ensures that ASSIST4 O&P is up to date. Automatically and proactively. Whenever anything changes.

### Specific updates

The data service is regularly updated with the following content:

- Preferential rules of origin
- Definition of individual preferential agreements
- Definitions of preference zones
- Country tables
- Types of proof

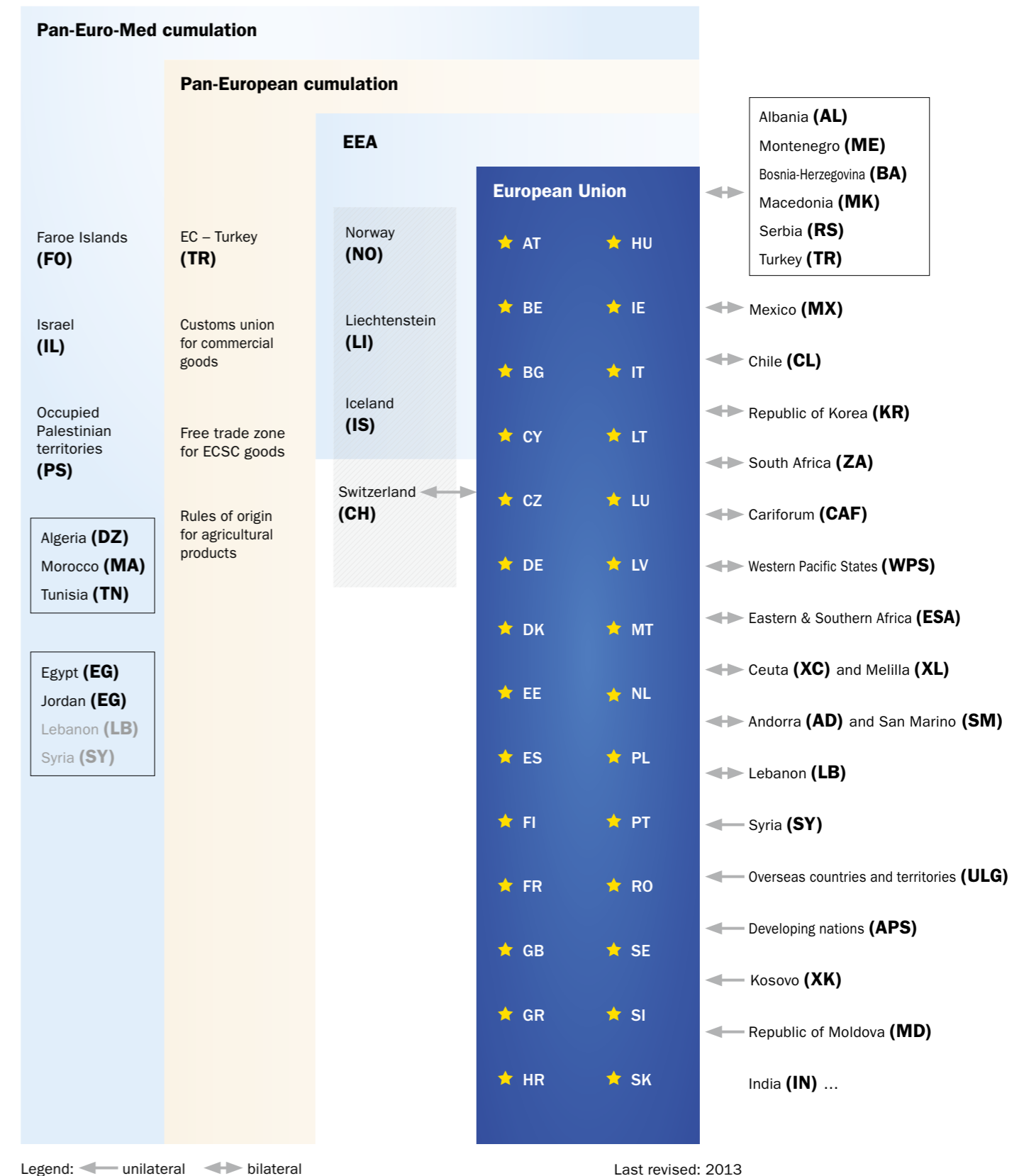
### Monitoring the monitor

ASSIST4 naturally offers the option to display all imported data service versions – the latest changes as well as those from previous versions – so that you can keep track of the data and quickly check the changes relevant to your business.

### Approved exporter

Certification as an approved exporter gives businesses access to greatly streamlined processes and greater flexibility. An approved exporter can issue preference documents on its own at any time without involving the customs administration – even above the €6,000 threshold. To qualify, a business must demonstrate its knowledge of and compliance with the laws governing preferences.

## EU free trade agreements at a glance



## — Every rule contains lists. Every agreement contains rules. ASSIST4 O&P contains them all.

The more complicated the rules, the more important it is to keep the big picture: ASSIST4 keeps it all under control – value-based rules, item changes, minimal operations, mixed origin, multi-level bills of materials, assemblies – with an option for manual intervention where necessary.

### By the book

ASSIST4 maps the list rules from the preferential agreement and checks discrepancies from columns 3 and 4 of the preferential agreement. Whether a 30% or 40% value rule applies, whether tolerances are involved, whether an item has changed or a combination of different rule components applies – ASSIST4 knows it all. Including minimal operations and mixed origin. The only thing the automatic analysis can't read is text descriptions of manufacturing processes and primary materials, but a rule can be marked as fulfilled or not fulfilled.

If it is not possible to automatically allocate the applicable list rule – in the case of an ex-item rule, for example – then manual selection is possible.

### ASSIST4 can handle

- List rules
- Value-based rules
- Item change
- General tolerance
- Minimal operations
- Mixed origin

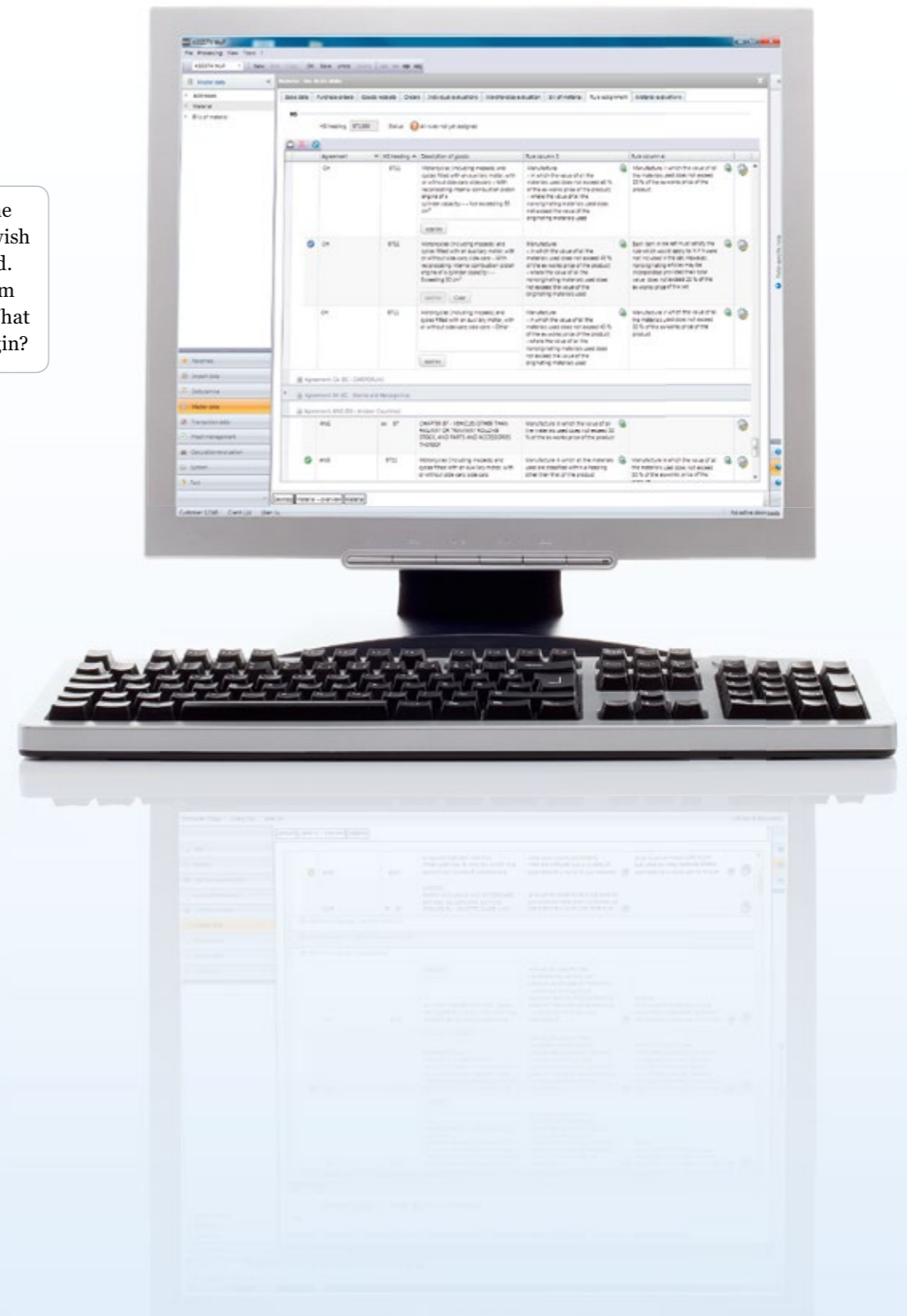
### Multi-level bills of materials and assembly calculations

ASSIST4 O&P always views bills of materials in a header-item relationship – in any number of levels. The software first calculates the preferential status of each assembly before determining the status of the finished products.

### Logs and analysis

Did ASSIST4 list everything correctly? Logs give you all the data at a glance: First, the product's material, the value-based breakdown of originating and non-originating goods, and the applicable rule. Then the bill of materials, the underlying individual and overall evaluations, proofs, and goods receipts. All in one place and easy to read. With a single interface. The calculation results can also be integrated into linked processes and systems through documented interfaces for further processing. You can use the ATC :: plug-in to print the origin texts in SAP® onto your invoices, for example. You can export all the data or just the data that has changed since the last export. Optional filters make it possible to customize the analysis to your specific needs.

I have an e-bike with the HS heading 8711 that I wish to export to Switzerland. The materials come from Germany and China. What is the correct rule of origin?



## — Complex value-based rule – made simple with ASSIST4

Goods may be entitled to import preferences depending on the country agreement and applicable rule of origin. ASSIST4 analyzes the available data to calculate the minimum sales prices needed to receive preferential origin. The recommended sales price may vary significantly by country and agreement. When value-based rules are combined with extended rules, the calculation becomes even more complex. Especially when tolerances and assemblies come into play. ASSIST4 takes it all into account. For an example, we look at an e-bike maker in Germany who wants to export to Switzerland.

### One bike – many parts

A manufacturer of electric bicycles in Germany is selling a complete e-bike. The calculation is based on a bill of materials with several line items, including a separate assembly for the motor. The manufacturing process relies on several parts purchased from two different suppliers: One supplier is based in Germany and provides parts valued at €1,649. The other is based in China and sells parts for €850.

### ASSIST4 shows how to obtain preferences through minimum sales price

ASSIST4 O&P runs its calculations using bills of materials from your ERP system. The preferential country of origin for the German supplier is Germany, and no cumulation is applied. The articles are labeled as preferred goods in ASSIST4 O&P. For the supplier in China, on the other hand, a negative statement is automatically created when the data is imported, and the status is set to “without preference.” When the calculation is complete, ASSIST4 shows the minimum sales prices. In our example, the minimum price for sale in Switzerland is €2,125.

### Legal basis: it's complicated

E-bikes with the HS heading 8711 are entitled to preferences when exported to Switzerland if the value of all the non-originating primary materials does not exceed 40% of the ex-works price of the finished product. Primary materials of EU origin are not counted.

ASSIST4 takes the value of the primary material from the goods receipt, purchase order, or material master.

The purpose of the calculation is to determine the ex-works price for the product – the “minimum sales price” – that meets the complex rule criteria for the given country. This price is then passed to the ERP system so that the preference is recognized there as well.

Records found : 4/4

Own material no.	Non-pref. comm. code	Preferential commodity code	Destination coun...	Prefer...	Threshold	Calculation date	Pref. ctry of origin	Non-pref. ctry of...	Cumulation
000208_ERZ	92029030	92029030	CH - Switzerland	P	2,136.35	7/25/2014	DE - Germany	DE - Germany	No cumulation
000220_ERZ	84238190	84238190	CH - Switzerland	P	25.50	7/25/2014	DE - Germany	DE - Germany	No cumulation
000221_ERZ	84238190	84238190	CH - Switzerland	P	94.80	7/25/2014	DE - Germany	DE - Germany	No cumulation
10005783-R_ERZ	85101000	85101000	CH - Switzerland	P	83.33	7/25/2014	DE - Germany	DE - Germany	No cumulation

### Draw your own conclusions

ASSIST4 O&P makes rules transparent. Here, the 40% rule was applied to the non-originating primary materials to determine the minimum sales price for Switzerland. In our example, the minimum sales price is €2,125 if parts

with a value of €850 are imported from China. The manufacturer can also look at it from another perspective: If the maximum target sales price for an e-bike in Switzerland is €3,800, the value of the parts from China must be kept under €1,520. Otherwise, the

product loses its preferred status, and the increased import duties render it more expensive despite the lower price for its parts. This makes the subject of origins and preferences of relevance to everyone – from the customer to sales, purchasing, and managerial accounting.



The e-bike pictured here is from Merida, by the way – an AEB customer. AEB allocated the national origin of the parts in this example.

## — Request, manage, and issue supplier's declarations – the easy, electronic, transparent way

### The old way: complicated, expensive, paper-based, not centralized

Long-term supplier's declarations are the basis for applying for a EUR.1 or EUR-MED movement certificate from the authorities. These certificates serve to prove the origin of goods – and grant preferences. That's why proper issuance of supplier's declarations by the manufacturer or intermediary is an important part of the customs process. Sounds simple enough, but the reality is quite time-consuming for many companies: Asking each supplier to issue the proper preference document on time, checking and filing the paper documents as they come in, issuing reminders for documents not yet received ...

Issuing your own preference documents requires a similar amount of time and level of expertise. It can take days and days to gather all the information, figure out which forms you need, then issue the right form or commercial document. Issuing the supplier's declaration correctly and in the precise form as stipulated by law is a particular challenge.

ASSIST4 O&P makes it easy for you to manage your preference documents and long-term supplier's declarations – including both proofs you request from your suppliers and proofs you issue to your own customers.

### The AEB way: modern, centralized, forward-looking

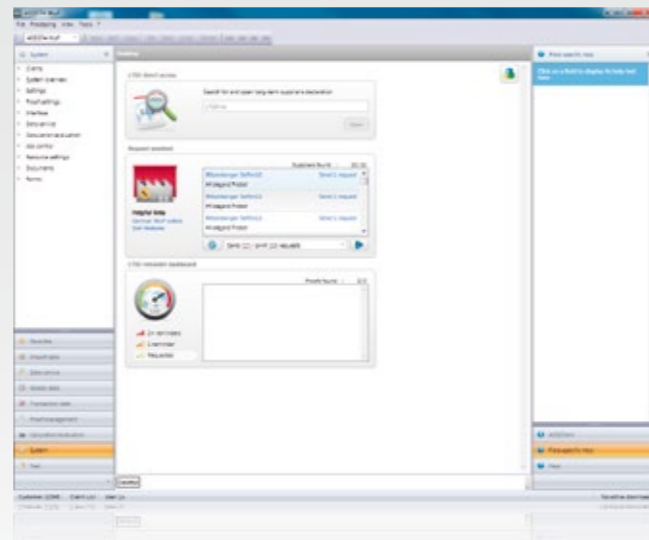
ASSIST4 O&P greatly simplifies these processes thanks to five basic innovations:

- 1. Electronic filing:** All preference documents are in digital format.
- 2. Secure processes:** The processes for requesting, managing, and issuing declarations is standardized and can be largely automated.
- 3. Automatically up to date:** The AEB data service ensures that you are always using the very latest versions of the documents that serve as a basis for the long-term supplier's declarations that you request and issue.

**4. Full transparency:** Since the supplier's declarations are stored electronically instead of on paper in filing cabinets, all departments have easy access to the information.

**5. Precise calculations:** The electronic proofs are used to calculate preferences and issue your own supplier's declarations.

ASSIST4 O&P does more than simply provide a central storage point for all your preference documents. It creates a cohesive, uninterrupted workflow, secure processes, and an efficient tool for all employees.

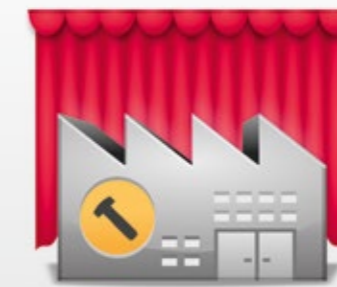


### Three examples how ASSIST4 helps manage supplier's declarations



#### Quick access to all LTSDs

All employees with the proper authorization have access to supplier's declarations from any computer connected to the Internet, with various filters and search modes to help you find what you need. Not all suppliers are equipped to issue LTSDs electronically. Hard-copy LTSDs can be quickly digitized, with the original stored as a scan. Proofs received electronically are then allocated to the appropriate transaction and used in all processes such as evaluations and calculations.



#### New suppliers identified

ASSIST4 O&P is able to regularly import and analyze suppliers and product master data from your ERP system, identify any new products from new suppliers, and fill out the appropriate long-term supplier's declaration. The user then sees at a glance that it is necessary to establish initial contact with this supplier. You can submit other documents along with your request for a long-term supplier's declaration, such as instructions to your supplier about which information is required in the LTSD. At the click of a mouse, ASSIST4 O&P sends an e-mail with this initial request and the required documents – then monitors the process.



#### Keeping an eye on deadlines

ASSIST4 O&P monitors the deadlines that are important for long-term supplier's declarations. The key factor is the period of validity, and since ASSIST4 knows this, it takes the necessary action at the appropriate time. For LTSDs that you request from your suppliers, the clock starts ticking when you send the request. If your supplier doesn't respond, ASSIST4 O&P automatically creates a reminder and displays it in the reminder monitor, where it can be sent with a simple click. For LTSDs that you issue to your customers, ASSIST4 creates a new LTSD at the appropriate time and prepares everything so that you can be proactive in sending LTSDs to your customers.

## — The right view for everyone ...

**ASSIST4 O&P ensures that each person involved in the process has access to the right information and functions – in a contemporary, intuitive user interface.**

### For management and executives

You're looking for a competitive edge and seek to optimize expenses: ASSIST4 O&P is the tool that helps you benefit from preferences – and use your resources

efficiently. ASSIST4 O&P ensures compliant processes. And AEB is your strategic partner for all aspects of global trade and logistics.

### For your customs department

Customs department employees request supplier's declarations, enter them, issue their own LTSDs, and calculate materials.

ASSIST4 O&P is the tool that makes these transactions transparent, efficient, and secure.

### For your purchasing department

When you make purchasing decisions, you need to consider how they affect preferences. ASSIST4 O&P ensures that

purchasers have access to all preference documents – even if they are not responsible for their administration.

### For your sales department

The sales team needs answers to customer questions about the preference of the shipped materials for certain

destination countries. ASSIST4 O&P gives the sales team the information they need – just a click away.

### For your managerial accounting department

Managerial accountants need to monitor the preference quota. ASSIST4 O&P

offers a clear overview of all results, so they can be leveraged for further analyses.

### For your suppliers

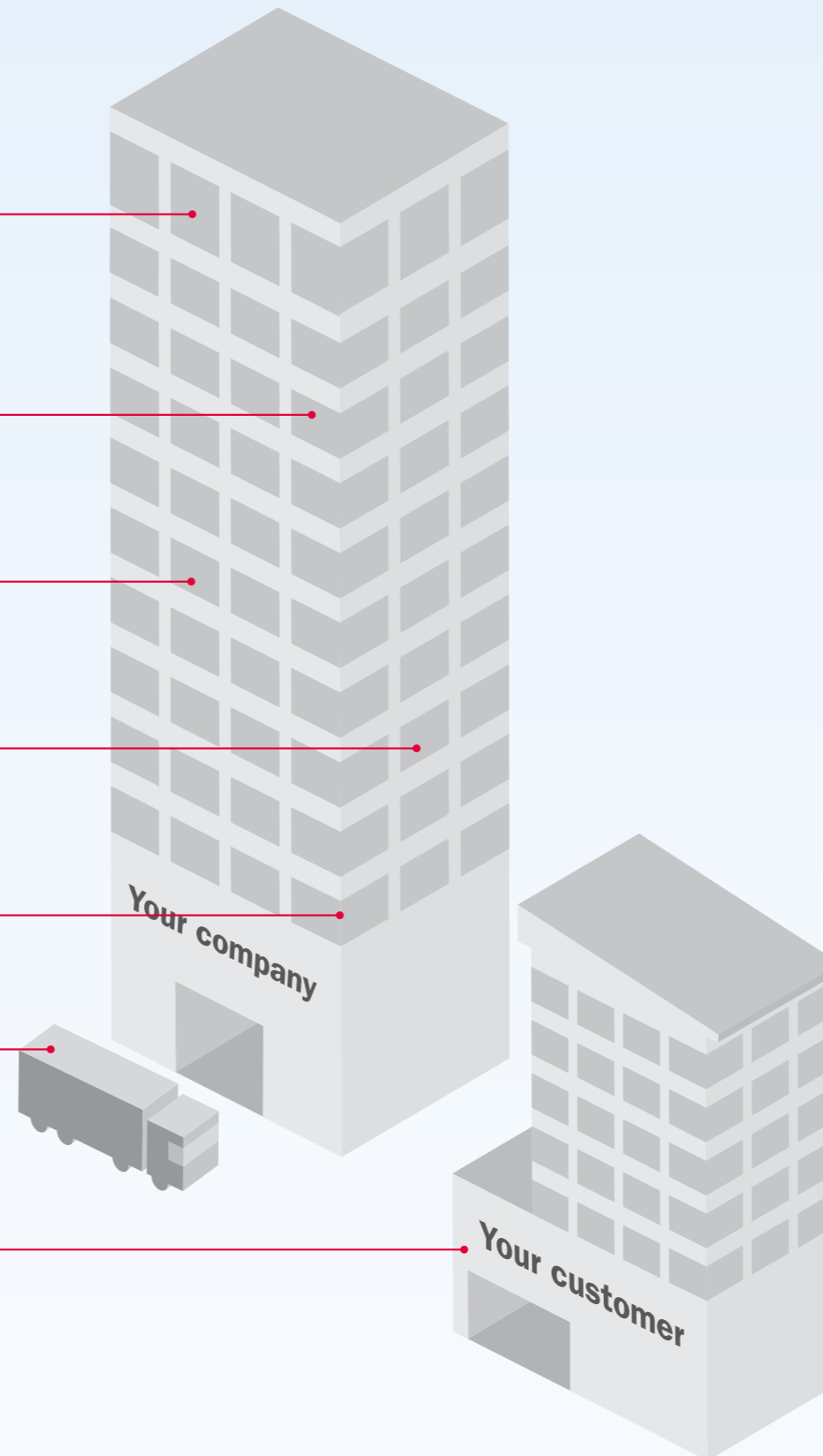
Suppliers issue supplier's declarations. ASSIST4 issues electronic requests for supplier's declarations through a user-friendly form. An even easier

solution is the online portal, where your suppliers can enter their own information through a browser interface.

### For your customers

ASSIST4 O&P issues clear and simple documents with all the information your customers need. They are alerted if a

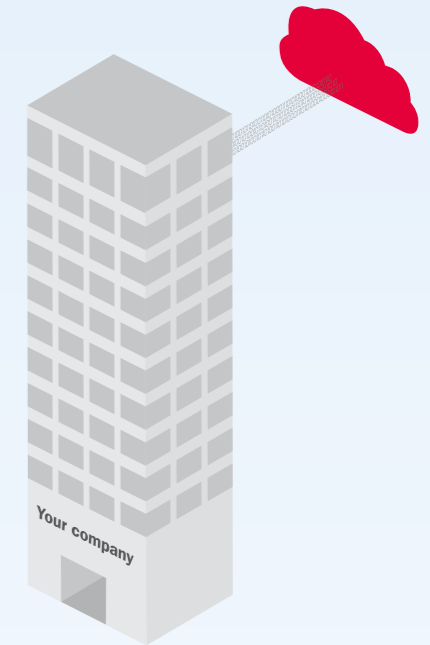
revocation is needed – and of course they can also benefit from ASSIST4 O&P themselves.



## ... and the right modes of operation, too.

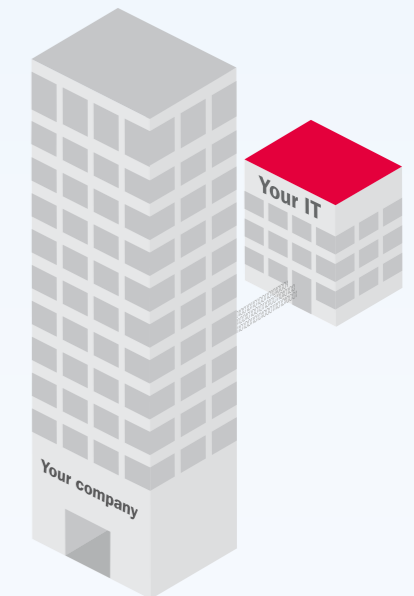
### ASSIST4 O&P as a SaaS solution – on demand in the AEB data center

ASSIST4 O&P on demand. In many cases, it makes sense to opt for software as a service (SaaS). In a SaaS solution, AEB runs your ASSIST4 O&P solution from its own ISO-certified data center. AEB is responsible for hardware, infrastructure, operation, maintenance, and support. Billing is based on use. All your employees need is a workstation with Internet access and a client installation.

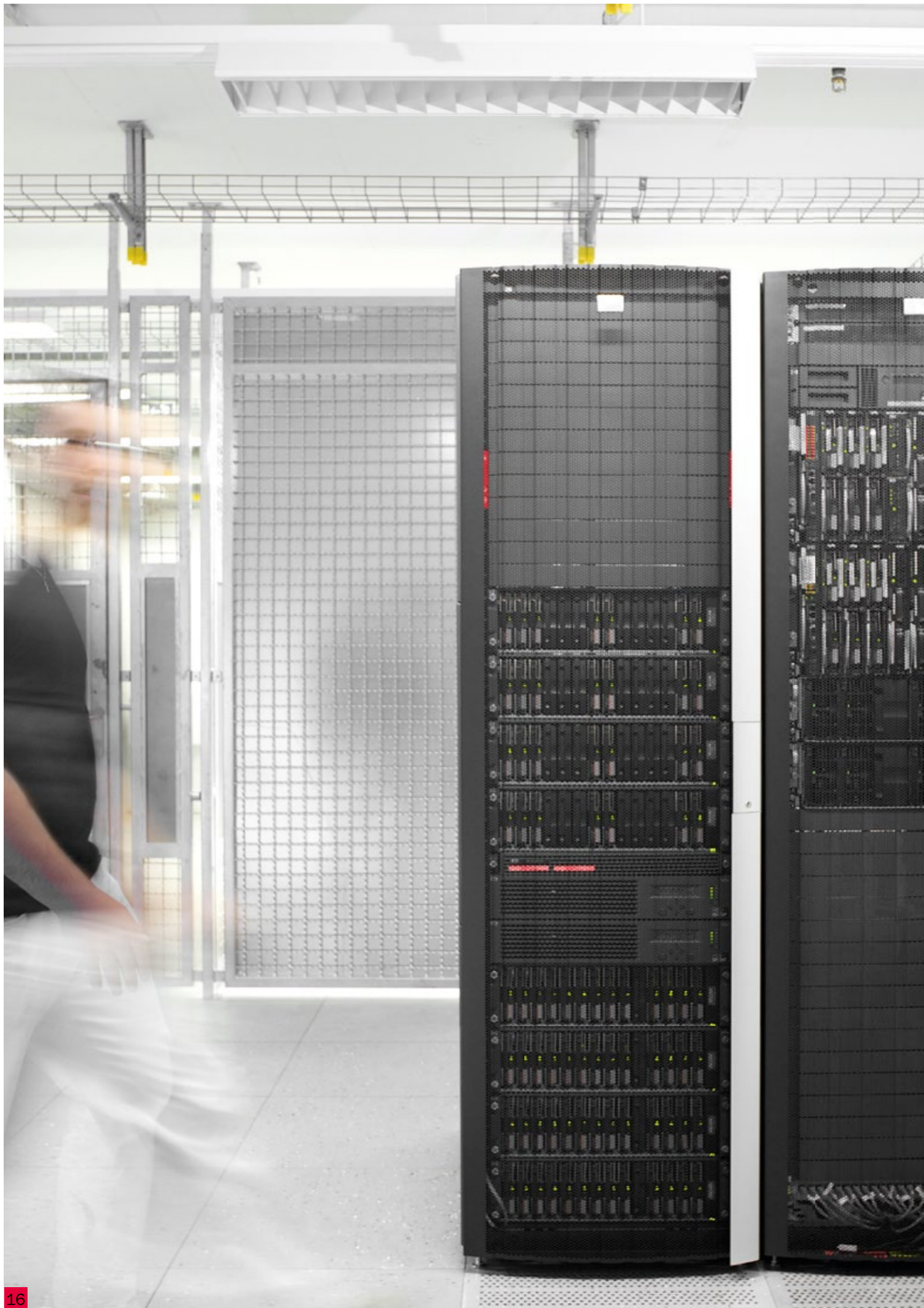


### ASSIST4 O&P run by your in-house IT from your own data center

With the in-house installation of ASSIST4 O&P, you run the solution yourself on site. Your IT department is responsible for hardware, infrastructure, maintenance, and failsafe protections. The solution is easy to administer, is generally based on an Oracle database, and can even be accessed through Citrix if requested. AEB provides regular updates and support.







## — Bonus: Services by AEB

**ASSIST4 O&P is more than “just” software. AEB offers many services that combine standard features to engineer the right solution for you. We already mentioned the data service. We also offer a wide range of user services and various degrees of professional support. AEB can also develop highly customized solutions for customers with complex needs.**

### **Analysis, consultation, concept development**

You get to know some of AEB’s services even before you become a customer: AEB experts work with you in workshops to analyze your needs and help you find the right solution. The implementation project focuses not only on the milestones of installing and configuring the system but also on user training and documenting your customizations.

### **Operation, training, support**

Whether you run your own O&P solution with your in-house IT team or opt for a SaaS solution from the AEB data center – you can count on AEB’s service team for support. AEB experts train your users and administrators. The support team provides phone-based assistance for all your questions about the software, preferences, and even your custom management processes.

### **The right level of service for your needs**

AEB Service Management follows the guidelines set forth by the Information Technology Infrastructure Library (ITIL), a collection of best practices for service management that seeks to maximize economic added value – for you. The focus is on planning, providing, and optimizing IT services. But it also

includes a structure for dealing with the unexpected: AEB offers multi-level emergency support that escalates until the problem is solved.

### **Your solution in professional hands**

When you opt for ASSIST4 O&P as a SaaS solution, your system is run, supported, and maintained in AEB’s ISO 27001-certified data center. AEB fulfills a service level agreement (SLA) based on your business needs.

AEB offers optional extended hours or global 24/7 support. You can even order a custom model to meet your specific needs. Or book an individualized standby service to help you during a period of change. Or ...

AEB data center: Here AEB runs ASSIST4 for hundreds of customers and can also ensure that your O&P solution is running and up to date when you need it.



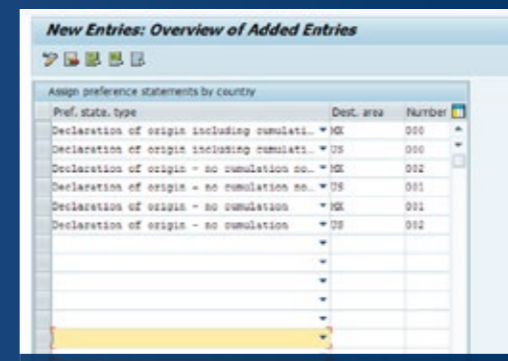
# Your preference: Everything right in SAP®? The ATC :: plug-in makes it a reality.

With the option to work directly in SAP® ERP thanks to our trusted ATC :: plug-in. Seamless and plug-and-play. And on demand.

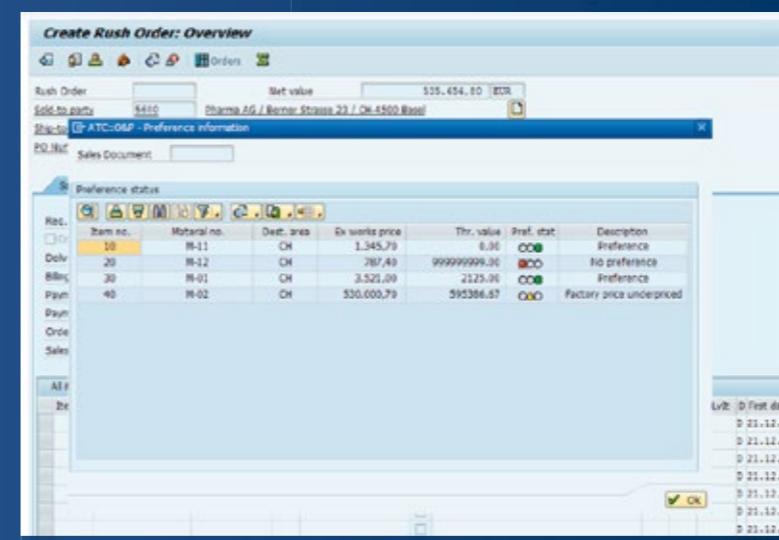
**Bringing origin and preferences to a new level: automated and standardized**  
AEB's new global trade management solution expands the ASSIST4 suite to include all the functionalities needed to calculate origin of goods percentages and preference entitlements and to generate and manage supplier's declarations and other preference documents.

**Software as a service: easy on your wallet and no installation required – even in SAP®**  
ASSIST4 O&P is also available as a service. And thanks to the ATC :: plug-in, you can even integrate all the functionalities into your SAP® processes. Work directly in SAP® for all critical use cases – but without the complicated installation. With zero administration and very attractive payment models featuring transaction-based billing.

**Extra bonus: global trade management services that earn the name**  
This solution gives you access to a level of customs and global trade expertise, practical assistance in global operations, and professional support that only AEB can offer.

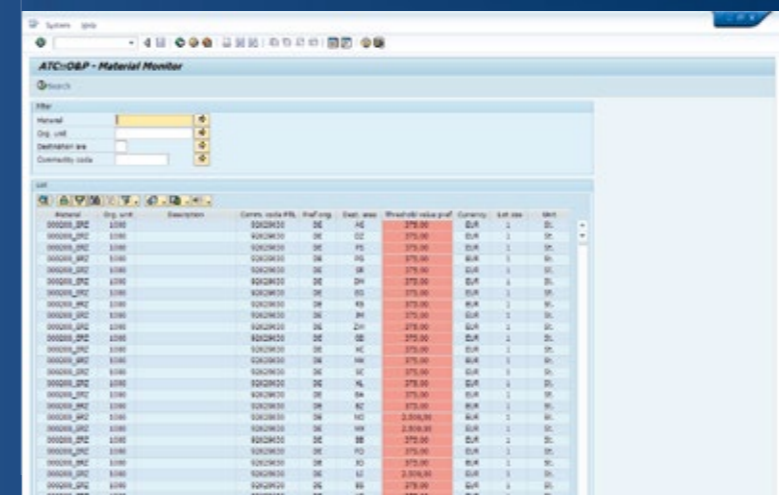


**Print your preference text on the invoice – directly from SAP®**  
Preference texts are integrated into your printed invoice and automatically printed. Configure once, get the right results forever.



**View preferential status in SAP®**

- When you enter the order
- When you enter the quote
- When you enter the delivery note



**Evaluation in the material monitor**  
See the preferential minimum sales price of each material at a glance and make better decisions.

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