Supplier's Declaration: Customs Law Safeguarding of Preferences

The supplier's declaration is a customs law declaration by a supplier confirming that a delivered good meets the origin rules for preferences and can therefore be regarded as a preferential originating product. For buyers in export-oriented industries, it is a central evidence document in the process of international procurement. If the declaration is missing or faulty, retrospective customs demands, fines and reputational risks threaten on the company's own exports.

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Key facts at a glance

01 The supplier's declaration evidences preferential origin, for example under the EU rules with Turkey or in the EEA.

02 Depending on the legal framework, it can be issued as a single declaration for a consignment or as a long-term supplier's declaration for a period.

03 The recipient is liable for correct use; the duty of care towards the supplier remains in place.

04 Form and content are prescribed by customs law and are often only required for exports above certain goods values.

05 Outdated or incorrect declarations are a common audit finding in customs audits.

06 It must be distinguished from the indication of origin and the preferential certificate such as EUR.1.

Definition: Supplier's Declaration

The supplier's declaration is a declaration by the seller regarding the preferential origin of a good, providing the buyer with the basis for claiming preferential tariff treatment on their own export. It is not a commercial document but evidence within the meaning of the applicable preference law. In practice, a distinction is made between the single declaration for a specific consignment and the long-term supplier's declaration, which typically applies to one calendar year.

Legal background

Preferential origin rules are governed by agreements and regulations of the EU with third countries. They determine when a product counts as an originating product, for example through wholly obtained goods or sufficient manufacturing or processing with fulfilment of the list rule, which often provides for transition requirements such as change of tariff heading or percentage value thresholds. The supplier's declaration bridges the chain of evidence between the stages of trade: the exporter relies on the declaration of their upstream supplier and can thus provide evidence across the entire value chain.

Distinction from certificate and indication of origin

The supplier's declaration is not the same as a preferential proof document such as EUR.1 or an origin declaration on the invoice issued by the exporting shipper. Nor does it replace the non-preferential indication of origin or the traceability of materials for technical or regulatory purposes. In practice, it is precisely these overlaps that cause confusion: a material certificate stating the country of origin is not yet a preferential supplier's declaration. Buyers should manage both document types separately and name them unambiguously in their specifications.

Methods and approach for obtaining declarations

Obtaining relevant supplier's declarations follows a structured approach that is ideally anchored already in the sourcing and onboarding process. Depending on the supplier structure and product group, different routes make sense, from direct request within the transaction process to system-supported collection and updating.

Collection in the sourcing and onboarding process

Best practice is to anchor the submission of a long-term supplier's declaration as a binding requirement already in enquiries and framework agreements, for example in addition to provisions such as volume commitment or an exchange rate clause. Even at first contact, the potential supplier can state whether they may and can provide origin information. Anyone who only requests the declaration retrospectively often experiences long lead times or learns that upstream suppliers in countries outside the preferential area cannot issue declarations.

Long-term supplier's declaration instead of single declaration

The long-term supplier's declaration typically covers all consignments in a year and significantly reduces administrative effort on both sides. It is particularly suitable for ongoing series deliveries within material planning. The prerequisite is that the supplier is permitted to give the undertaking and has reliable information from their own upstream suppliers. Annual reissuance is important, as undertakings in practice often only apply to one calendar year.

Data management and system support

Origin data can be managed well via ERP or compliance modules, in some cases via a defined ETL process in procurement from supplier portals or master data sources. Data quality is decisive: a regular

data quality report shows for which articles valid declarations exist, which are expiring and where gaps exist. In addition, spend analytics can help identify procurement volumes for which a missing declaration poses the greatest customs law and financial risk.

Key KPIs for steering

As with other compliance topics, the state of origin safeguarding can be steered using a few clear key figures. They show whether the procured evidence matches the critical export business and create a basis for the plan-actual price comparison of the procured audit and processing services of internal departments.

Coverage rate of relevant articles

The coverage rate indicates what share of preference-relevant purchased articles is backed by a valid supplier's declaration. In practice, a target of over 95 per cent for directly export-relevant product groups is regarded as a benchmark. Below this threshold, the risk of having to handle exports without sufficient evidence increases. The rate should be broken down by product group and supplier country in order to set priorities for follow-up.

Currency and lead time

Two further key figures are the rate of still-valid declarations and the lead time from request to receipt. Expiring long-term declarations should ideally be visible in the system several weeks before the end of the year. If the lead time remains consistently high over months, this indicates structural problems, for example suppliers without origin expertise or missing escalation routes in a dunning process similar to parts shortage management.

Risks and controls in handling declarations

The supplier's declaration is an undertaking by the supplier, not an official certification. The recipient therefore bears considerable residual risk, which must be reduced through targeted controls and contractual safeguards.

Typical error patterns

Recurring deficiencies appear in customs audits: expired long-term declarations, declarations without the required information on the legal framework, missing signature in paper form, or incorrect goods descriptions that do not allow assignment to the purchased article. Factually incorrect declarations also occur when suppliers blanket-confirm 'EU origin' without having checked the list rule. Such errors only take effect years later, when the main customs office raises queries about exported goods.

Plausibility checks and supplier surveys

Buyers and export departments should check incoming declarations on a sample basis for plausibility, for example using the purchase price in a plan-actual price comparison and the supplier's proximity to

production. In conspicuous cases, a structured supplier survey on production depth and upstream supplier structure is worthwhile. If the supplier can provide substantive information, that is a good sign; blanket undertakings without justification are a warning signal.

Contractual and financial safeguarding

Contractually, the risk can be mitigated, for example through warranty clauses on the correctness of origin information, in addition to instruments such as bank guarantee/suretyship for other contractual risks. An escalation clause can govern how to proceed in the event of incorrect declarations, including coverage of costs for retrospective demands. The risk cannot be completely eliminated in this way, as customs law responsibility for claiming preferences remains with the exporting shipper.

Current developments and regulatory context

The environment for proof of origin is in flux: trade agreements are being renegotiated, forms of evidence are being digitalised, and sustainability regulation is raising the requirements for transparency in supply chains. For buyers, this means increasing documentation effort alongside growing strategic importance of the topic.

Digitalisation of the evidence chain

In practice, electronic formats and supplier portals are increasingly replacing paper documents; the REX scheme for developing countries exemplifies the trend towards self-certification by the shipper. For procurement, this means: processes for collecting and archiving declarations must be digitalised, analogous to other digitalised processes such as catalogue content management. Those who continue to manage declarations in folders quickly lose track of validity and audit-proof retention during audits.

Sustainability and due diligence requirements

Regulatory initiatives such as the EUDR in procurement or supply chain due diligence laws increase the need for structured supplier data, even where their legal requirements are not identical to the preferential supplier's declaration. In practice, it is advisable to maintain origin, sustainability and compliance data in a common supplier master. This allows enquiries to be sent in bundles, which increases the response rate and reduces effort for both sides.

Impact on procurement strategy

Origin capability is increasingly becoming a sourcing criterion, for example when assessing new suppliers in the risk matrix or when deciding between sourcing regions. Those who choose preference-capable upstream suppliers can save customs costs and at the same time diversify supply stability. Conversely, a missing declaration in a proof of concept procurement for new sourcing markets can quickly become a disqualifying criterion if own export obligations exist due to dependence on preferences.

Integration into procurement and export processes

The supplier's declaration only unfolds its full benefit when it is firmly anchored in operational processes – from the enquiry through material planning to export processing. Isolated individual solutions typically lead to gaps and duplicate effort.

Integration with goods receipt and export

Ideally, the system automatically checks at goods receipt whether a valid declaration exists for the ordered article and flags the article as preference-capable for export processing. If the evidence is missing, a defined process with a deadline can kick in, similar to parts shortage management. The interface to export is critical: without clear coordination between procurement and the export department, evidence remains unused or exports proceed without documentation.

Responsibilities and training

In many companies it is unclear who is responsible for collecting, checking and updating declarations. Clear allocation has proven successful, often with procurement responsible for collection and export processing for use, supplemented by regular coordination. Brief training for buyers pays off, because even knowledge of the question 'What information must the declaration contain?' eliminates most sources of error.

Typical metrics

Metric	Typical value
Coverage rate of preference-relevant articles	> 95 % *Share of purchased articles with a valid supplier's declaration, practical benchmark*
Validity rate of declarations	> 98 % *Share of non-expired declarations in stock at the reference date*
Lead time for collection	< 30 days *From request to receipt of the declaration from the supplier*
Error rate in plausibility checks	< 2 % *Share of rejected declarations in sample checks*

Practical example

A medium-sized machinery manufacturer regularly exported assemblies to preferential countries and relied on supplier's declarations, some of which had not been updated for years. During a customs audit, several declarations turned out to be expired and one to be factually incorrect; the company had to pay customs duties retrospectively for exported orders. Subsequently, the company established a

structured process and significantly reduced the risk.

- Long-term supplier's declarations contractually established as a mandatory document during onboarding
- Article-specific coverage rate and expiry warnings introduced in the ERP system
- Annual plausibility sample checks using a standard questionnaire sent to critical suppliers
- Clear responsibilities between procurement, warehousing and the export department documented

Conclusion

The supplier's declaration is a small document with a big impact: it determines whether one's own exports can be handled preferentially and whether the company stands on solid documentation during audits. Buyers are well advised not to leave its collection to chance but to treat it as an integral part of sourcing, contract design and master data maintenance. Clear responsibilities, digital management and regular plausibility checks noticeably reduce the risk. As the customs law details vary depending on the preferential agreement, the concrete implementation should be professionally reviewed on a case-by-case basis. Those who tackle the topic proactively turn a mandatory task into a genuine competitive advantage in customs costs and supply chain transparency.

Frequently asked questions

? What is a supplier's declaration?

A supplier's declaration is a customs law declaration by a supplier confirming that a delivered good meets the origin rules of a preferential agreement. The buyer uses it as evidence to claim preferential tariff treatment on their own exports. It can be issued as a single declaration or as a long-term supplier's declaration covering a longer period.

? Who may issue a supplier's declaration?

As a rule, the supplier of the goods may issue it, provided they meet the requirements of the applicable legal framework and are not subject to an exclusion. Intermediaries may also issue declarations if they resupply the goods in an unchanged state. Whether a specific supplier is entitled to issue one should be verified and documented before first use.

? How long is a long-term supplier's declaration valid?

Long-term supplier's declarations typically apply to one calendar year and must be renewed thereafter. Some undertakings deviate from this, so the validity date must always be checked individually. The recipient must ensure that a valid declaration exists at the time of export; expired declarations can trigger retrospective customs demands.

? What is the difference between a supplier's declaration and an EUR.1?

The EUR.1 is a preferential proof document issued by the exporting shipper for the export or certified by customs. The supplier's declaration, by contrast, is issued by the upstream supplier and

serves the buyer as the basis for their own origin determination. Both documents belong together but do not replace one another.

? What happens if a supplier's declaration is incorrect?

If a declaration is incorrect or invalid, customs may subsequently refuse preferences and demand customs duties retrospectively for the exports concerned; fines may also be imposed. Customs law responsibility generally lies with the exporting shipper, even if the supplier's error was the cause. Contractual recourse options can be used in addition but do not eliminate the risk.

? Is a supplier's declaration required for all exports?

No, it is only relevant if the goods are exported to a preferential area and preferential tariff treatment is to be claimed there. In addition, there is often a value threshold above which an origin declaration on the invoice with certain particulars is required for exports. For consignments below such thresholds or to countries without a preferential agreement, it is not required.

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