

Introduction to UK – Turkey Free Trade Agreement



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UK - Turkey Free Trade Agreement (FTA)

The attached presentation is for reference purposes only.

The UK – Turkey Free Trade Agreement (FTA) is an extremely complex program, and any eligibility questions should be referred to the Urban UK Customs Compliance Group.

Information provided is based on the text of the UK – Turkey Free Trade Agreement.



UK – Turkey FTA Basic Requirements

The below requirements must be followed in order for URBN UK to make a claim for preferential treatment at the time of entry into the UK.

- Goods must be a Product of Turkey (meet basic origin conferring operation)
- Direct Shipment from Turkey to the UK
- Goods must meet the preferential rule of origin, as identified in the FTA
- Origin Statement must be on the Commercial Invoice (see below)



Origin Statement

The below statement must be on the commercial invoice in order for URBN UK to make a claim for preferential treatment at the time of entry into the UK.

The exporter of the products covered by this document (Customs authorisation No ... (1)) declares that, except where otherwise clearly indicated, these products are of Turkish preferential origin.

(Place and date)

(Signature of the exporter; in addition the name of the person signing the declaration has to be indicated in clear script)

- If a Turkey exporter has a Customs authorization, it must be indicated in the origin statement. If not, that part of the statement does not need to be included.
- Please refer to the URBN UK supporting documentation summary for instructions on how to add the origin statement to the commercial invoice.



UK – Turkey FTA: How do I know if my goods are originating?

An “originating” good meets one of the agreement’s applicable rules of origin. There are three basic rules of origin:

1. Wholly Obtained or Produced (obtained or produced entirely in UK or Turkey)
2. Wholly Originating (Produced entirely from originating materials)
3. Substantially Transformed: All non-originating materials meet a tariff shift rule

UK – Turkey FTA: Basic Rules of Origin

1. Wholly Obtained or Produced

The good is wholly obtained or produced entirely in the territory of one or more of the parties to the Agreement

Example:

Sheep are raised in Turkey.

Wheat is grown and picked in the UK.

Note: We will never apply this rule.



UK – Turkey FTA: Basic Rules of Origin

2. Wholly Produced from Originating Materials

The good was produced entirely in the territory of one or more of the parties to the Agreement only from originating materials.

Cotton is grown and picked in Turkey.

Cotton is spun into yarn Turkey.

Yarn is knit into a garment in Turkey.

UK – Turkey FTA: Basic Rules of Origin

3. Wholly Produced from Originating Materials or eligible Non-Originating Materials

The good was produced entirely in the territory of one or more of the parties to the Agreement from originating materials or non-originating materials that have undergone a tariff shift.

Cotton is grown and picked in India.

Cotton is spun into yarn in Turkey.

Yarn is knit into a garment in Turkey.

UK – Turkey FTA: Chapter 61 (Knit Apparel) Preferential Rules

- Knit-to-shape garments are country of origin of where the panels are knit-to-shape.
- **Example:** Sweater panels knit-to-shape in India and linked/looped in Turkey would be country of origin India.
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- **Example 2:** Sweater panels knit-to-shape in Turkey and linked/looped in Italy would be country of origin Turkey.

UK – Turkey FTA: Chapter 61 (Knit Apparel)

Preferential Rules

- For knit garments that aren't knit-to-shape, origin eligibility requires the Spinning of natural and/or man-made staple fibres combined with knitting or crocheting *or* Extrusion of man-made filament yarn combined with knitting or crocheting *or* Knitting and making-up in one operation.
- This means that in order to qualify as originating, knit products primarily follow a yarn forward rule of origin. The yarn would need to be of Turkish origin or from one of the countries identified on the cumulation list (below).
- An exception to the yarn forward rule is a product that is knit in a single operation without linking or looping of component parts, such as socks from a circular knitting machine.
- In addition, knit bras that are knit in Turkey are considered originating regardless of the origin of the yarn.

UK – Turkey FTA: Chapter 62 (Woven Apparel) Preferential Rules

- The basic rule of origin for woven garments to be eligible for preferential treatment is weaving of fabric in Turkey combined with making-up of the garment, including cutting of fabric.
- Non-originating yarns become originating when woven into fabric.
- Foreign fabric would not be considered originating if not woven in Turkey. Apparel items made in Turkey from foreign fabric would not be eligible for preferential treatment.

UK – Turkey FTA: Textile Additional Note 6

- Rule of origin for textile products that are a combination of textile materials will not apply to any basic textile material that represents 15% or less of the total weight of all the basic textile materials used. This can only be applied to textile products made up of two or more basic textile materials.
- *Example:* Apparel item of 87% cotton / 13% polyester would only need to qualify the cotton portion of the garment as originating.

UK – Turkey FTA: Textile Additional Note 7 (a)

Other non-originating textile components (not including linings or interlinings, and as long as not classified the same as the classification of the product) will not affect preferential treatment as long as the value is less than 15% of the ex works price of the good.

UK – Turkey FTA: Textile Additional Note 7 (b)

Materials not classified in chapters 50 to 63 may be used freely in textile products without respect to originating requirements. This means that denim hardware (zipper, rivets, etc.) can be non-originating and not affect the eligibility of the denim garments.

UK – Turkey FTA: Cumulation Rules

Products shall be considered as originating in Turkey, if they are obtained there, incorporating materials originating in the United Kingdom, Switzerland (including Liechtenstein), Iceland, Norway or the EU, or in any country listed in Annex 4, provided that the working or processing carried out in Turkey confers origin.

UK – Turkey FTA: Annex 4

1. The People's Democratic Republic of Algeria
2. The Arab Republic of Egypt
3. The State of Israel
4. The Hashemite Kingdom of Jordan
5. The Republic of Lebanon
6. The Kingdom of Morocco
7. West Bank and the Gaza Strip
8. The Syrian Arab Republic
9. The Republic of Tunisia
10. The Republic of Albania
11. Bosnia and Herzegovina
12. The Republic of North Macedonia
13. Montenegro
14. The Republic of Serbia
15. The Republic of Kosovo
16. The Kingdom of Denmark in respect of the Faroe Islands
17. The Republic of Moldova
18. Georgia
19. Ukraine



UK – Turkey FTA: Record-Keeping Requirements

- Her Majesty's Revenue and Customs (HMRC) reserves the right to review any preferential claims to ensure the origin claim is accurate. Therefore, vendors must be prepared to provide documentation that their goods meet the rules of origin.
- This documentation must be maintained for three years.
- If eligibility claims cannot be proven with supporting documents, HMRC may require a review of all orders entered with an eligibility claim. Duty will be owed for any orders where documentation cannot be supplied to support a claim.



UK – Turkey FTA: Record-Keeping Requirements

Typical documents required to prove eligibility.

- URBN UK Purchase Order
- Purchase orders from the vendor to the factory
- Invoices from the factory to the vendor
- Purchase order & Invoice from the vendor for fabric (or any other materials)
- Payment receipts confirming purchase orders & invoices
- Statement from ticket labeling vendor confirming purchase/price paid
- Broker invoice (any other transportation documents)

Documents may be maintained in Turkish but must be translated into English when provided to URBN UK or HMRC.



UK – Turkey FTA: URBN UK Review Process

URBN UK will review one set of supporting documents for all Turkish vendors to ensure rules of origin and record-keeping requirements can be met.

Once validated, Turkish vendors need to put the statement on origin on the commercial invoice of any qualifying orders. Records must be kept for three years for any order with a qualifying statement on origin.

URBN UK will review at least one order annually to ensure HMRC record-keeping requirements can be met.

In the event of an HMRC audit, documents will need to be provided in 14 days.



Questions / Contacts

For any questions about preference eligibility, statements on origin, or record-keeping requirements please contact the below URBN UK compliance associates:

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