Trading procedures

TRADING BLOCS
- ASEAN
- MERCOSUR
- NAFTA
- EU

EU IMPORTS are subject to
- importing country's VAT
- EXCISE DUTIES if they are damaging or polluting

EU traders must complete two documents
- VIES exporters
- INTRASTAT exporters + importers

Lowering trade barriers means encouraging trade, so, consequently, more and more neighbouring countries have opened their borders and formed multinational **trading blocs** to promote mutual economic and social interests and increase competition. There are four major world trade blocs: the Association of Southeast Asian Nations (ASEAN), the Mercado Comun del Cono Sur (MERCOSUR), the North American Free Trade Agreement (NAFTA) and the European Union (EU).

All EU countries form a single territory for customs purposes, which means that complex and varied national laws are replaced by a single set of European trade rules that reduces costs and bureaucracy because:
- no restrictions or customs duties are imposed on goods moving between EU countries;
- common customs tariffs are levied on imports from outside the EU;
- goods can circulate freely within the EU with no customs checks.

Imports from a EU member state are usually called "acquisitions", while exports are named "dispatches". Acquisitions are subject to a **Value Added Tax** (**VAT)** to be paid at the rate of the country of destination by the importer and goods that damage health or pollute the environment are also imposed **excise duties**.

Traders within the EU must complete two documents: **VAT Information Exchange System** (**VIES**) and **International Trade Statistics** (**INTRASTAT**). Exporters fill in the VIES to register the total amount of exports in euros. This allows tax authorities in each EU country to check the correct payment of VAT. Both importers and exporters must complete the INTRASTAT return form, if the value of their imports/exports exceeds the thresholds set for that year. This enables governments to collect statistics on intra-community trade.

A company which imports from a "third country", that is outside a trading bloc, is legally responsible to comply with the laws of his own country. Imports must be declared in an entry document, called **Single Administration Form** (**SAD**), which contains all the information required by the customs and assigns products a specific "class" or "commodity code" that corresponds to a tariff. This is usually completed, on behalf of exporters, by freight forwarders, who are also in charge of customs clearance and import formalities. When cleared, goods can be sold on the EU market. **ATA carnet**, or temporary admission transit document, must accompany goods imported temporarily, to be shown to customers or displayed in fairs. These aren't subject to duties, but must be re-imported in full.

Authorities may also require a **certificate of origin**, issued by the exporter's Chamber of Commerce, in case of quotas or special tariffs on goods from certain countries, and an **import/export licence**, issued by governments, to give permission to bring into a country or export products subject to restrictions.

1 Decide whether these statements are true or false. Correct the false ones.

		T	F
1.	A trading bloc is a mutual economic and social agreement between overseas nations.	☐	☐
2.	Cutting down barriers increases competition and fosters innovation.	☐	☐
3.	Countries inside a trade bloc have the same system of government.	☐	☐
4.	The movement of goods inside a trade block does not need to be recorded.	☐	☐
5.	The price of goods moving inside a trading bloc is never increased by any duty.	☐	☐
6.	Acquisitions need an entry form to declare at customs.	☐	☐
7.	A business which exports to a country outside a trade bloc has to comply with the laws of his country.	☐	☐
8.	An identification code is assigned to imports in order to impose the right customs duty.	☐	☐
9.	All imports from third countries pay the same amount of customs duties.	☐	☐
10.	Some goods are banned from entering a country or need a special authorisation.	☐	☐

2 Complete the missing words in the text.

Importing goods from outside the European Union

Within the European Union (EU) most goods are in 1. f___e circulation with minimal 2. c__t__s control and no 3. t__i_f__ to pay, although VAT and 4. e_c__e duties need to be paid even within 5. m__b_r states. Unless the goods are 6. s___e_t to excise duties, such as alcohol and spirits, or licence requirements, such as agricultural goods, they generally 7. c___ borders without having to 8. p__ any special tax or bring paperwork. On the contrary, when goods are imported from 9. o_t__d_ EU, they are treated differently and need to be 10. d_c__r_d at the customs 11. a_t__r___i__ by completing a compulsory 12. e__r_ form, called SAD or Customs Form C88 in the UK. Other official 13. d__u___t_ may be needed too, such as the 14. c_r__f___t_ of origin of the goods and an import or export 15. l___n_e for certain products subject to 16. r___r__t___s, such as weapons, advanced technology or work of arts and antiques. SAD includes a customs procedure 17. c_d_ for each product together with a 18. c__m___t_ code that classifies the goods according to different parameters, such as their 19. o_i__n, use and value, and it helps to determine what rate or type of import 20. d__y is due and if there are imposed import 21. q_o___ or any other fiscal measure applicable to the 22. g___ s.
An agent, such as a freight 23. f_r__r__r, can make the 24. d__l__a___n_ on behalf of the 25. e_p____r and make importing procedures simpler and faster.

3 Listen to some definitions and match them to these words. There are three extra words.

excise duty ▪ acquisition ▪ trade bloc ▪ exports ▪ dispatch ▪ VAT ▪ VIES ▪ bureaucracy ▪ customs clearance ▪ freight forwarder ▪ export licence ▪ imports ▪ SAD

1. ....
2. ....
3. ....
4. ....
5. ....
6. ....
7. ....
8. ....
9. ....
10. ....

Trivia
The Apollo 11 crew had to file a Customs declaration when they returned from the moon.

4 Find examples of goods subject to customs controls and restrictions in these parts of the world.

Country	Goods subject to excise duties	Goods subject to import duties	Goods subject to anti-dumping duties	Forbidden imports/ exports
Italy				
New Zealand				
Russia				
The Emirates				
The UK				
The USA				