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Rules of Origin: Exploratory Research with Businesses

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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Glossary

Acronym/Key word	Definition
Rules of Origin (RoO)	The criteria needed to determine the national source of a product. Their importance is derived from the fact that duties and restrictions in several cases depend upon the source of import
Grace period (sometimes known as deferred customs controls)	Exporters were given a year's 'grace' period between 1 January 2021 and 31 December 2021, where they had up to 175 days to complete and submit full customs declarations, including declarations around RoO when trading with the EU. From 1 January 2022, customs declarations, including RoO declaration, have been needed at the time of export
Preferential RoO	Rules used to determine whether goods qualify as originating from a country, for the purposes of accessing special treatment for trade (such as reduced or zero customs duties) between countries party to an international agreement (such as a Free Trade Agreement (FTA)).
Non-preferential RoO	Rules used to determine the country of origin of goods when trading under World Trade Organisation (WTO) and most-favoured nation treatment (MFN) duties. They are also used in the implementation of trade measures such as anti-dumping duties (ADD) and countervailing duties (CVDs), trade embargoes and tariff quotas, as well as used for trade statistics, public tenders and origin marking.
Most-favoured nation (MFN)	The MFN clause is a non-discriminatory trade policy commitment to universal equal treatment in international trade (i.e. any privilege or concession granted to one country must be granted to all). There are a few

	exceptions, for example, better trading terms can be agreed between countries through FTAs and customs unions.
Anti-dumping duty (ADD)	A customs duty imposed on imports to provide protection for domestic industries from unfair competition created by imports which are priced substantially lower than the fair market value of similar goods in the domestic market.
Countervailing duty (CVDs)	A customs duty imposed on imported goods to offset subsidies made to producers of these goods in the originating or exporting country. CVDs are meant to level the playing field between domestic producers of a product and overseas producers of the same product who can afford to sell it at a lower price because of the subsidy they receive from their government. For customs purposes, it's treated in the same way as ADD.
Certificates of origin	Documents that certify that goods in a particular export shipment are wholly obtained, produced, manufactured or processed in a particular country.
Cumulation	A system that allows goods obtained or processed in one party to an agreement to be considered as originating in another party. There are three main types: <ul style="list-style-type: none"> a) Bilateral cumulation: Provision under an agreement between two countries/entities that allows each member of the agreement to use products originating in the other without the final good losing its originating status. b) Diagonal cumulation: Provision under agreements between more than two countries that allows members to use products originating in the others without the final good losing its originating status.

	c) Full cumulation: Provision that allows the use of products not originating so long as they are processed in the territory of an agreement.
Commodity codes	A sequence of numbers made up of six, eight or ten digits used to describe a product. The commodity code determines: the customs duties and other charges levied on the goods; the preferential treatments (e.g. RoO) that may apply to their import used to ensure goods have the correct tariff classification. If the wrong code is used for products in customs declarations, businesses risk paying the wrong tariff. Goods may then be seized or delayed by customs or extra charges could be incurred
Customs agent	A law enforcement office working on behalf of the government to carry out inspections on goods and people moving in and out of a country
Customs Courier or Broker	A company that helps merchants generate all their customs paperwork, pre-pay import duties and taxes, and save on shipping couriers that transport packages from customs to the customer.

1. Introduction

- 1.1 In March 2022, Welsh Government commissioned IFF Research to undertake a small-scale exploratory research project to better understand Welsh business awareness of, and any experiences in using, RoO. In particular, against the context of the EU-UK Trade and Cooperation Agreement (TCA)¹ when it comes to exporting to the EU. This section sets out the context for this work, followed by the specific aims and objectives of the study and structure of the report.

Context

- 1.2 The TCA, negotiated following the UK's exit from the EU, means a new set of rules of origin (RoO) now apply to trade between the UK and the EU. The TCA was signed in December 2020 and took effect at the same time as the UK formally left the EU Customs Union and Single Market. Prior to this, RoO were unnecessary between the UK and EU.
- 1.3 The TCA sets out a new economic and social partnership between the UK and the EU, including a Free Trade Agreement (FTA). The FTA sets out preferential arrangements in areas such as trade in goods and services. It includes provision for zero tariffs and zero quotas on all products which comply with the appropriate RoO. Businesses do not have to claim preferential treatment on either imports or exports, but in these instances, products are subject to the importing party's non-preferential World Trade Organisation (WTO) and most-favoured nation (MFN) tariffs.
- 1.4 Negotiated as part of the TCA, there was a one-year RoO easement, or grace period, for UK exporters between 1 January 2021 and 31 December 2021 on certifying the origin of components which made up their manufactured goods². This was designed to allow businesses time to understand, adapt and undertake the necessary administration relating to RoO.

¹ European Commission: [The EU-UK Trade and Cooperation Agreement](#) [accessed 27th February 2023]

² For goods imported from the EU to Great Britain (England, Scotland and Wales) between 1 January 2021 and 31 December 2021, traders in Great Britain had up to 175 days to submit a full customs declaration and pay any necessary tariffs. This also included declaring any proof of origin.

- 1.5 In trade, origin can be understood as the economic nationality of a good and RoO are the criteria needed to determine the national source, or origin, of a good under an FTA. Duties and restrictions in several cases depend upon the origin of imports.³ Although it might seem a simple concept, where a product originates from is not always clear and global supply chains make RoO complex. For example, the origin of a product and application of RoO is determined by where it was manufactured, processed, sourced or packaged.
- 1.6 A Certificate of Origin is an international trade document certifying that goods in a particular export shipment are wholly obtained, produced, manufactured or processed in a particular country. Each Certificate of Origin is governed by RoO and is often requested for customs clearance, payment management and import tariff concession. For businesses with global supply chains, those which know their supply chains are better positioned to comply with the conditions of an FTA.
- 1.7 RoO negotiations are often difficult and, as a result, they are frequently one of the more complex and last areas to be agreed in FTAs. Flexibility can be built into RoO by allowing a certain percentage of inputs into a product from countries that are not party to an FTA. Certain markets may restrict the use of flexible RoO, while others may maximise flexibility, dependent, in part, on their reliance on global raw materials and inputs.
- 1.8 The TCA means UK businesses can trade with the EU without paying tariffs, but only if their product meets the relevant RoO. To export tariff free under the TCA and benefit from preferential RoO, a product must come wholly from, or there must be a qualifying level of processing in, the UK. UK businesses must check their goods meet the RoO requirements and have the right documentation. The purpose of the rules is to ensure that reduced tariffs are only applied to goods originating in the UK or EU and not to countries outside the UK and the EU member states. RoO were a key focus for the UK when negotiating the TCA, to avoid disrupting UK industries

³ See World Trade Organisation, [Technical Information on Rules of Origin](#) [accessed 27th February 2023].

with complex supply chains (e.g., car manufacturing, with the EU the biggest single market).⁴

- 1.9 Understanding the new RoO arrangements can help UK businesses maintain international exports to the EU outside of the EU single market and customs union. RoO will also allow new exporters to take advantage of tariff reductions and enable more profitable international trade (although it should be noted that UK businesses previously did have tariffs or RoO when exporting to the EU as a EU member state)... RoO allow goods and products to be priced competitively because the business does not have to adjust the price of their products as a result of the burden of tariffs. First however, UK businesses need to understand how RoO impact what they are selling or would like to sell in the EU.
- 1.10 UK goods which do not meet the RoO can still be traded into the EU, but they cannot benefit from reduced (zero) tariffs under the TCA. Businesses may therefore have to pay the standard tariffs the UK and EU apply to imports.⁵ For some goods, MFN tariffs may be low or zero (reducing the need for RoO compliance), but for other goods, tariffs can be much higher.⁶ Penalties can also be applied by relevant Customs Authorities for inaccuracies or failures to make declarations, even if no duty is payable.
- 1.11 For UK exporters to the EU and EU importers from the UK who wish to claim zero tariffs on goods, there are three key steps to assessing and demonstrating whether goods comply with RoO:
- 1) finding the right commodity code for classifying the good;⁷

⁴ McElhatton, N. (2021). [One-year Rules of Origin easement for UK exporters under trade deal with EU: new government guidance](#). Institute of Export and International Trade [accessed 27th February 2023].

⁵ For exports to the EU, this will be their Common External Tariff. For imports to the UK, this will be [the UK Global Tariff](#).

⁶ See the HM Revenue and Customs Guidance '[Introduction to rules of origin and claiming duties when trading between the UK and EU](#)' [accessed 27th February 2023].

⁷ See the HM Revenue and Customs Guidance '[Finding commodity codes for imports into or exports out of the UK](#)' [accessed 27th February 2023].

2) understanding whether the good meets the applicable RoO from the TCA;⁸

3) understanding how to demonstrate origin to customs authorities and apply for certificates of origin.

1.12 Supplier declarations are used to provide evidence of the originating status of products. Businesses can use an export agent to help them with RoO and make sure goods clear through customs.

1.13 Welsh Government previously commissioned Dr Anna Jerzewska to conduct research on RoO requirements for Wales' key industrial goods⁹ and on how any RoO-related challenges could be addressed through Welsh trade policy (Jerzewska 2021). Findings were based on an analysis of trade data to help identify Wales' key export industries and destination markets, a document review of RoO provisions (particularly from the latest UK FTAs), and interviews with Welsh exporters from key export industries and trade body organisations. Key findings included low levels of awareness of customs formalities and RoO requirements amongst Welsh exporters, and uncertainty amongst businesses on whether they qualified for preferential origin/tariffs under the TCA. These issues were found to disproportionately effect small and medium-sized enterprises (SMEs) who may not have the necessary expertise or resources at their disposal to unpick the new RoO requirements (ibid, pp. 6-7).

1.14 For Welsh Government to better understand the issues businesses may be experiencing, such as, for example, around product-specific RoO in certain sectors, Jerzewska recommended further research with key stakeholders to get more detailed understanding and examples of issues surrounding product-specific RoO (ibid, p. 12).¹⁰

⁸ Businesses can use the HM Revenue and Customs [export checker tool](#) to find out what RoO apply to their exports [accessed 27th February 2023].

⁹ Jerzewska, A. (2021) [Rules of origin: Trade in Welsh industrial goods](#) [accessed 27th February 2023]

¹⁰ Welsh Government, [Rules of origin: Trade in Welsh industrial goods | GOV.WALES](#) [accessed 27th February 2023]

1.15 Of businesses responding to the ONS' Business Insight and Conditions survey¹¹ in January 2023, 19% of Welsh businesses used RoO to access lower or zero tariffs on exports to both EU and non-EU countries (50% were not sure if they used them). This compares to a UK average of 16% and shows an increase in the number of businesses reporting using RoO in Wales since April 2022 (14%). The results from January 2023 indicate nearly two thirds of businesses reported an increase in administration as a result of using RoO to export to the EU. When businesses not using RoO in January 2023 were asked their reasons for not doing so, less than 3% felt administrative costs outweighed potential savings, less than 3% said lack of understanding, staffing or expertise was a factor and 15% of businesses did not use RoO because their exports did not meet the requirements.

Aims and objectives

1.16 IFF Research were commissioned to undertake a small-scale exploratory research project to build on the analysis conducted by Dr Anna Jerzewska. The overall aim of the research presented in this report was to better understand Welsh business' awareness of, and any experiences in using, RoO.

1.17 Through a small number (n: 7) of qualitative semi-structured interviews, this research gathered information directly from Welsh businesses (n:6) and one trade body organisation. As RoO are now a key non-tariff barrier to UK-EU trade for Welsh businesses, a better understanding of the issues is also particularly relevant in the context of the UK's ongoing trade negotiations. The research is intended to provide Welsh Government with insight to help inform actions and next steps, including on providing appropriate support to businesses.

1.18 The research objectives were to explore with businesses and trade body organisations:

- awareness and understanding of RoO within the context of the changes to trading arrangements with the EU

¹¹ [Business Insights and Conditions Survey - Office for National Statistics](#) [accessed 27th February 2023]

- experiences of adjustments required to adapt to the RoO changes
- any challenges faced under the new EU trading arrangements
- any support or information sought on RoO, and any gaps in the support available for businesses.

Report structure

1.19 The remainder of this report is structured under the following sections.

- **Section Two** summarises the research methodology. It explains how the research was undertaken and outlines key data considerations to bear in mind when interpreting findings.
- **Section Three** presents the findings from interviews with business and trade body representatives.
- **Section Four** summarises the research conclusions.

2. Methodology

2.1 This section provides an overview of the methodology, including the sampling and recruitment strategies, the data collection method and the analytical framework used for the research. It also outlines some key data considerations and limitations to the research.

Sampling and recruitment

2.2 Initially, the sampling strategy for recruiting businesses to participate in the research was based on the Trade Survey for Wales¹² (TSW) year 3 recontact list, a list of respondents who agreed to recontact for research purposes based on their business' survey responses.¹³

¹² [Trade Survey for Wales | GOV.WALES](#) [accessed 27th February 2023]

¹³ The recontact questions asked in the survey were “Would you be willing for Welsh Government researchers or their appointed contractors to contact you if they undertake some follow-up research on related issues? [response options: yes, no]”; and asked of those businesses who responded “yes”, “Can selection for recontact for research purposes be based on your responses to the survey? [response options: yes, no]”.

2.3 The TSW is a statistical ‘push to web’¹⁴ survey sent to 8,000 businesses with operations in Wales. Conducted by IFF Research on behalf of the Welsh Government, the survey collects data focussed on improving understandings of trade flows into and out of businesses in Wales. It aims to create a better understanding of Wales’ economy, including interlinkages between Welsh businesses and those in other parts of the UK and abroad. Fieldwork for the TSW year 3 ran from 13 September 2021 to 17 December 2021, collecting 2020 data from respondents.

2.4 The TSW year 3 included a question on RoO. This question was used to identify businesses potentially in scope for the research. The question was routed so all businesses who responded they had exports or imports of goods outside of the UK in 2020 were asked:¹⁵

“Do you use preferential tariffs and preferential rules of origin when exporting outside of the UK?”

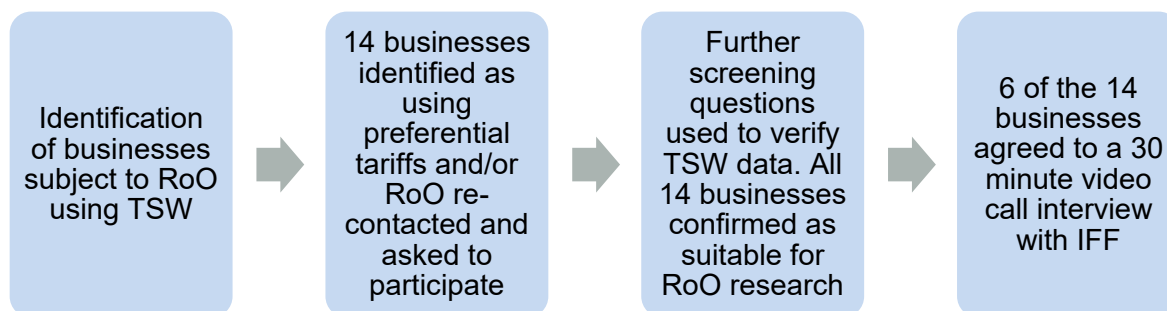
2.5 In response (n=306), 33% stated that they were “Not applicable (e.g. my businesses’ goods do not have any tariffs, irrespective of any trade agreements)”, 29% responded “don’t know” and 23% responded “no”. Of the 15% who responded ‘yes’ to using preferential tariffs and preferential RoO when exporting outside of the UK, 14 businesses were identified who had also consented to recontact for research purposes within the survey. To verify their suitability for the research, these businesses were contacted by IFF via telephone to invite them to complete a recruitment ‘screener’. A copy of this screener is in the appendix (Annex A).

¹⁴ The TSW is conducted using a push-to-web approach. Sampled businesses are initially sent a bilingual (Welsh and English) postal invitation letter encouraging them to go online and complete the survey.

¹⁵ The two questions from which the RoO question was routed were: 1)., (ask all entering value for “GOODS” for 2020) “For total SALES of GOODS from the Wales-based operations, what value was to customers in the following locations? If you do not have exact values, please provide your best estimate” [response options: Wales, Rest of UK (excluding Wales), EU, Rest of the world (excluding the EU and UK)]; and 2)., (if purchased goods in 2020) “For GOODS PURCHASED (including IMPORTS) by your Wales-based operations, please select which of the following locations they came from. [response options: Wales, Rest of UK (excluding Wales), EU, Rest of the world (excluding the EU and UK)).

2.6 All 14 businesses identified via the TSW were confirmed as within scope of the research objectives during the screening process. From these 14 businesses, 6 agreed to participate in a video call interview with IFF Research. An overview of the sampling strategy for businesses is at Figure 1.

Figure 1: Overview of the RoO sampling strategy for businesses



2.7 To gain a wider overview of the issues and experiences surrounding RoO, one representative from a trade body organisation was identified as suitable for participation during their involvement with another Welsh Government research study.¹⁶ This individual agreed to participate in a video call interview on RoO.

2.8 After emerging findings revealed how some businesses employ export agents to manage RoO, attempts were made to expand the sample and recruit individuals in this role to the research. Export agents were identified through desk research. However, none were available to participate in this research within the time frame available.

2.9 To thank each interviewee for their time for participating in the research, a £50 donation was made in their business or organisation's name to the Disaster Emergency Committee's Ukraine Humanitarian Appeal, administered by IFF on behalf of Welsh Government.

¹⁶ IFF Research were commissioned by Welsh Government to undertake research with businesses and trade body organisations on mode 5 services. The aim of this research is to gain a better understanding Welsh business awareness of, and experiences with, mode 5 services. The [final report](#) is published on the Welsh Government's Statistics and Research webpages [accessed 27th February 2023].

Fieldwork

- 2.10 In total, seven interviews were completed: six with businesses and one with a trade body organisation. Broadly, to provide context when interpreting findings:
- all six businesses interviewed had operations in Wales
 - some businesses were subsidiaries of larger international companies
 - businesses operated either in either the electronics, pharmaceutical or bio tech sectors
 - businesses were either micro (3-9 employees), small (10-49 employees), or medium (50-249 employees) in size (i.e., no large businesses (250+ employees) were included within the sample)
 - each of the six businesses interviewed had at least some international trade
 - all of the businesses interviewed made use of imported materials
 - the one trade body interviewed had members who were all based in Wales and of these members, their business operations were either mostly or entirely based in Wales.
- 2.11 Businesses were offered the option to participate in the recruitment screening process and/or the interview in Welsh, and the trade body interviewee was invited to participate in interviews in Welsh, but none requested this.
- 2.12 Fieldwork occurred between 25th March and 22nd June 2022. Semi-structured interviews were conducted via video call (Microsoft Teams). Business interviews were conducted using a topic guide and lasted between 22 and 37 minutes. A slightly tailored version was used to interview the trade body. In this instance, language was altered to shape conversations around the respondent's members rather than their own organisation. This interview lasted 32 minutes. Both guides can be seen in the appendix (Annexes B and C).
- 2.13 The topic guide, developed by IFF and WG, was designed to facilitate a semi-structured interview around the key themes to be explored, without being too restrictive. The exploratory nature of the research and the differing levels of participants' RoO awareness levels and experiences meant that it was important to

have this flexibility to allow the conversation to be tailored around interviewees' experiences. The aim of the topic guide was to collect information around understandings and impacts of RoO, as well as to explore why there may be some knowledge gaps from participants reporting no direct experience of using RoO.

- 2.14 The topics covered at interview included:
- awareness and understanding of RoO
 - experience and impact of the RoO changes
 - information and support available on RoO.

Data considerations

- 2.15 There are some key considerations to keep in mind when interpreting findings, including:
- **Exploratory Research.** The objectives of this research were largely built around trying to address knowledge gaps. As a result, there were anticipated challenges in terms of recruitment, levels of awareness of, and engagement with, RoO from businesses. It was uncertain at the outset how many businesses would be able to contribute to the research, particularly the level of detail with which they would be able to discuss RoO. This meant the project was designed to be flexible and qualitative from the outset. Originally due to finish in June 2022, the project was extended to allow for further fieldwork in an attempt to increase recruitment to the research and boost the data set.
 - **Small sample size.** Analysis by business sector or size was not possible and it was not possible to identify the full extent and range of impacts of RoO on businesses operating in Wales. Due to both the small sample size and qualitative nature of the research, findings are not generalisable to the wider population of businesses in Wales.
 - **Limited timeframe of research.** Some businesses identified as active in terms of RoO, along with export agents responsible for managing RoO were unable to participate within the timeframe of the research.

- **Limited willingness to discuss commercially sensitive details.** Businesses were reluctant to share too much detail due to the potentially commercially sensitive nature of the topics discussed.

3. Findings

3.1 This section outlines the findings from the interviews. An overview of the sample of businesses which participated in the research is provided first, to help contextualise the findings presented in the remainder of this section.

3.2 As mentioned at 2.2, the sample was built from questions in the Trade Survey for Wales year 3 based on two questions regarding Rules of Origin. All those who responded that they did not use preferential rules and tariffs to sell goods overseas (n=69) were subsequently asked the following multiple-choice question [respondents were able to select more than one response].

“Why do you not use preferential tariffs and preferential rules of origin when exporting outside of the UK?”¹⁷

3.3 More than a third (36%) responded they were “not applicable (e.g. my businesses’ goods do not have any tariffs, irrespective of any trade agreements)”. Indicating some barriers to RoO, 16% responded that they were “Not familiar enough / do not have the knowledge required” followed by 14% which said they “Did not know they existed”. It appears that the processes associated with RoO did not represent a barrier to most respondents to this question, with less than 7% indicating that preferential tariffs and rules were too difficult to use, that processes were too expensive or that there was an excessive amount of paperwork linked with them. Those who did not use RoO were not included within the sample for this research. Future research could consult such businesses to further investigate the reasons given for not using RoO.

¹⁷ Base: All businesses who did not use preferential tariffs and rules to sell goods outside the UK in 2020 (n=69). 6% responded “They are too difficult or complex to use”, 6% responded “Processes for providing preferential rules of origin are too expensive for my business”, 4% responded “There is too much additional paperwork”, 19% specified an alternative open response and 14% responded “don’t know”.

Overview of businesses who participated in the research

3.4 The six businesses who participated in this research were as follows.

- **Business 1:** A subsidiary of a company based in the EU, this business manufactured and distributed electrical products, exporting globally with a multi-million-pound turnover. Materials were imported from a country in the EU and China. This business used export agents and couriers, but employees monitored specific websites and carried out regular staff training to ensure there was internal knowledge on exporting issues. As a result they had good awareness of RoO.
- **Business 2:** This business designed and manufactured goods for the biotech sector, exporting globally, including within the EU, and operated through a network of distributors. Overall, this business had low awareness of RoO, instead relying on their distributors to manage this process. In meeting RoO requirements, this business identified where their components came from and shared this information with their distributors.
- **Business 3:** This business manufactured textile products. Materials were imported from Europe and Asia-Pacific, with products then sold both domestically and exported into Europe. The business had some awareness of RoO but had made no changes to their importing or exporting processes, instead absorbing the costs.
- **Business 4:** This business designed technology for the bio-tech sector with a multi-million-pound turnover. The majority of this business' trade was through exporting. The business had an EU Exit lead and as a result, had a detailed knowledge of RoO.
- **Business 5:** This business manufactured and exported electrical goods, with most manufacturing materials imported from the Asia-Pacific. The RoO changes brought about by the UK leaving the EU were not applicable to their business. The business had a multi-million-pound turnover and exported globally. The business had a high awareness of RoO and employed an export agent who

advised them on this area. All business was coordinated through a software system which had functionality showing the applicability of custom duties.

- **Business 6:** A medium-sized company (50-249 employees) in the manufacturing sector, this business mostly imported from a country in the Asia-Pacific region, where they had a wholly-owned subsidiary from which they sourced most materials. This business also obtained small amounts of materials from the UK and the EU, with all its manufacturing within the UK. Goods were shipped throughout the UK, the EU and globally, with the largest market being the EU. The respondent had limited awareness of RoO.
- **Trade Body:** An industry-led membership organisation supported by its members, Industry Wales and the Welsh Government. Members had manufacturing operations based in Wales.

3.5 The remainder of the section outlines findings around the main themes explored within the interviews, namely:

- businesses' awareness and understanding of RoO within the context of the changes to trading arrangements with the EU
- the experiences of businesses adapting to the RoO changes
- any support or information sought by interviewees on RoO, and any gaps in the support available for businesses.

Awareness and understanding of RoO

3.6 The overall aim of this research was to gain an understanding of businesses' awareness and understanding of RoO. Interviewees were asked what they understood RoO to be. The general understanding of what RoO were amongst the businesses interviewed was good, but detailed knowledge of RoO was less common.

3.7 The medium sized businesses interviewed had some awareness of RoO, although they did not have understanding of the details. Two medium businesses or subsidiaries of larger businesses interviewed reported that they regularly monitored all policies which might affect them; while the smaller businesses within the sample

used export agents to perform this monitoring role for them. The smaller businesses within the sample were found to fully rely on export agents and trusted that they would handle all implications of policy and regulation for their business.¹⁸

Source of knowledge

- 3.8 Two businesses reported their awareness of RoO resulted from individual research, which involved desk research (primarily government websites and some published academic reports), alongside more informal discussions with peers. For these interviewees, their research practices were driven by a personal interest in trade policy developments, capacity to get involved in policy research and engagement, or they were a subsidiary of a larger businesses with whom they could share this capacity. For example, an EU Exit lead within one of these businesses, who worked in electrical goods, had been preparing to leave the EU for around two years. The two medium businesses, or subsidiaries of larger businesses, reported they regularly monitored all policies which might affect them, including around RoO.

“It’s [monitoring developments in import/export tax] something which is done every day – we monitor specific websites and carry out regular staff training”

Tech company

- 3.9 The smaller businesses within the sample reported they did not have the resources for individual research. When questioned further at interview, two of these smaller businesses reported relying on export agents to help with any issues surrounding RoO regulation or policy. Feeling they did not have time to investigate the specifics surrounding any RoO issues, they instead trusted the advice of hired export agents. They knew RoO depended on a calculation based on the value of components bought versus the value of the product sold. This could be in line with the ex-works price" (EXW¹⁹) calculations which is used as one part of the formula to work out

¹⁸ Respondents were asked “Could you please give me an overview of what you understand Rules of Origin to be?” and “To what extent would you consider your business to be familiar with Rules of Origin?”

¹⁹ (i) the price of the product paid or payable to the producer in whose undertaking the last working or processing is carried out, provided that the price includes the value of all the materials used and all other costs incurred in the production of the product, minus any internal taxes which are, or may be, repaid when the product obtained is exported; or (ii) if

originating content percentage. However, these interviewees felt the calculation details were complex. Their awareness of RoO stemmed from the requirements of the distributor. These two businesses provided the paperwork the distributor asked for and trusted this was sufficient to meet any RoO requirements.

“We employ a duty consultant [export agent] who advises on these things. They make all the declarations for us” Manufacturer of electrical goods

Awareness of the RoO easement period

- 3.10 There was mixed awareness amongst interviewees of the RoO easement period (the EU grace period agreed in the TCA). For example, one of the smaller business within the interview sample, who worked producing electrical goods, was unaware of the easement period.
- 3.11 A medium-sized business interviewed, who had described an awareness of RoO earlier in their interview, had not heard of any changes, suggesting a gap in their knowledge. When given an explanation of the easement (i.e., they had a deferment period of 175 days, nearly six months, to make an accurate import declaration and pay any relevant duty at that stage), the business reported they processed all paperwork within 4 days and had never needed more time to complete their customs forms. When asked about what had changed since January 2021 in terms of potential RoO charges, they reported that nothing had changed, suggesting that they were aware of RoO but had limited knowledge of how they function.
- 3.12 One medium-sized business who had spent time researching RoO and demonstrated good awareness and knowledge at interview suspected awareness across other businesses was quite low. Their view was based on anecdotal interactions with other businesses. Similarly, and again based on anecdotal evidence, the trade body interviewed felt larger businesses were more likely to be aware of the RoO easement period because they had capacity for dedicated roles

there is no price paid or payable or if the actual price paid does not reflect all costs related to the production of the product which are actually incurred in the production of the product, the value of all the materials used and all other costs incurred in the production of the product in the exporting Party

to monitor developments such as, for example, the EU exit and other FTA or HMRC related developments.

Certification

- 3.13 Overall, understanding of RoO certification was good. All businesses interviewed were aware of the certificates of origin requirement, needed to prove the origin of goods, and were experienced in using these certificates. None however were aware of the HMRC penalties for non-compliance and inaccuracies. Penalties enforced by HMRC could include customs audits conducted at a business' premises; a demand for payment of any under paid duty and import VAT (going back a period of three years); the issuing of financial penalties for non-compliance (even when there is no customs duty due); and a lowering of a businesses' compliance rating more generally across taxes.
- 3.14 Business interviewees did not expect their lack of knowledge of penalties to be an issue because partners or traders would not do business without a certificate.

Commodity codes

- 3.15 Understanding of commodity codes was good, and businesses reported no difficulties or uncertainties when probed. One business reported how they found interpretation of codes to be subjective which could result in individuals ascribing different codes to refer to the same thing.

“We do find that different people can come up with different codes for the same product” Manufacturer of electrical goods

They felt however this was likely to be a very minor issue.

- 3.16 Another business had a job role dedicated to monitoring the codes and keeping abreast of any changes. Meanwhile one business only used two codes so reported to find these easy to manage.

Cumulation arrangements

- 3.17 At interview, businesses were asked about their understanding of cumulation agreements. Cumulation arrangements are a system which allows originating products from one party to be treated as if they are originating in another when

deciding if goods meet a product-specific rule (the three types of cumulation arrangements are described in the Glossary). Similar to awareness of RoO overall, general understandings of what cumulation arrangements were amongst businesses interviewed were good, but detailed understanding of these arrangements was less common.

3.18 There was an even split between those businesses who were aware of cumulation arrangements and those who were not. Within the small sample, the larger of the businesses demonstrated greater awareness of these arrangements than the smaller businesses. One of these larger businesses was able to give a concise description while the other knew the name but requested a definition to remind them. Those who were aware did not think that cumulation agreements applied to them and therefore had not spent time acquiring more detailed knowledge.

3.19 One smaller business that used an export agent had been told that cumulation arrangements did not apply to them and therefore paid little attention to them.

Product specific rules

3.20 No businesses reported using product specific rules. A smaller business said that product specific rules might be employed by an agent on their behalf but they were not sure of this.

Business' experiences of adapting to RoO changes

3.21 Businesses interviewed with good knowledge of RoO tended to report a positive experience of working through the associated processes. In their interview, one business described how they began planning for EU exit two years prior to the UK leaving the EU and the subsequent enforcement of TCA. They were consequently aware of the impact that these changes to RoO had on their declarations (of source countries for the components of their goods). While the business did use external export agents to calculate their duty and other costs (such as price of transportation), they reported to primarily base decisions and act on their own independent research (e.g. of government and trade body websites).

3.22 The other businesses interviewed who outsourced RoO to agents broadly considered the processes to be complicated. One business described the forms as

difficult to complete and know where to enter different pieces of information.

Another business commented that the administration processes were complex in terms of the calculations and provided no benefits.

“It’s complicated and takes quite a lot of time with no added value.” Manufacturer of electrical goods

- 3.23 These businesses who used export agents to manage their RoO processes for them felt that export agents and courier companies were both knowledgeable and helpful. The export agents completed all the administrative tasks on the business’ behalf, meaning businesses were only required to make a payment. This meant their lack of understanding did not negatively influence their experience of RoO.

“I don’t think it’s has been too bad. We’ve been exporting for... [a few decades] with no issues and get good guidance from our couriers” Technology company

- 3.24 In general, businesses reported that they did not need to make large, or any changes to their exporting or importing practices as a result of changes to RoO. For some, this was because they had already made changes in readiness for the UK’s departure from the EU meaning their business model was unaffected by the changes to RoO. For others, they had encountered some increased costs as a result but the extent of these changes were either not yet apparent or they attributed them to other factors (notably supply change issues). It may be that they would need to make changes to mitigate these in the future but these businesses were waiting to see more fully what the financial impacts were before making changes.

Businesses’ experiences of support

- 3.25 Only a minority of businesses interviewed reported that they had accessed support. The majority either felt self-sufficient, reading government websites and academic articles themselves, or they trusted their agents.²⁰ Businesses tended not to look for RoO specifically but were often looking to keep abreast of all potentially relevant policies.

²⁰ Businesses were asked “Has your business sought any guidance or support to help you navigate through Rules of Origin?” “How useful was this information source” and “What could have been done to support you better?”

- 3.26 The Department for International Trade, training from the Chamber of Commerce and HMRC emails were described as useful sources of information. Meanwhile agents, couriers or distributors were described as sources of support.
- 3.27 There was no substantial appetite for further support and further probing at interview led to no further insight. Businesses reported they had the level of support they required.

“As things stand, we don’t need any help. Maybe if new commodity codes came in but everything is fine at the moment.” Manufacturer of electrical goods

4. Conclusions

- 4.1 Exploratory in nature, this research aimed to examine business awareness of RoO, particularly in the context of exporting to the EU. The small-scale qualitative nature of the research design does not allow the authors to comment generally on Welsh businesses' awareness and knowledge of RoO. The limited number of interviews meant it was not possible to conduct analysis by sector, size or any other subgroup. Findings should be seen as indicative.
- 4.2 The TSW proved a useful tool for identifying and recruiting businesses willing to participate in Welsh Government research. Engaging stakeholders in the research, such as agents and trade bodies, was identified as useful in building wider understanding of the landscape surrounding RoO changes. Engaging trade bodies in the recruitment of research participants was also identified as a potential method for future research.

General awareness of RoO among businesses interviewed was good however understanding of specific terms and the easement period was mixed.

- 4.3 While all businesses interviewed generally understood RoO, detailed knowledge varied between businesses. For those businesses interviewed, knowledge was, in some cases, explained by the amount of resource they had available to dedicate to understanding and managing RoO and other developments (e.g. relating to EU Exit, FTAs and wider HMRC changes). Businesses who outsourced management of RoO to an export agent also tended to have less knowledge and understanding of RoO than those who managed them internally.
- 4.4 All businesses interviewed were aware of certificate of origin requirements and commodity codes - businesses reported no corresponding difficulties or uncertainties when probed. General understanding of what cumulation arrangements were amongst businesses interviewed was good, but detailed understanding of these arrangements was less common. There was mixed awareness amongst interviewees of the RoO easement period and businesses interviewed were not familiar with the HMRC penalties for non-compliance and inaccuracies. No businesses reported using product specific rules.

No specific difficulties were identified in the process of businesses adapting to and navigating RoO.

- 4.5 The recruitment process used to identify businesses for the sample revealed that a small number of businesses who did not use RoO were prevented from doing so due to a lack of knowledge. Fewer still were deterred by associated costs and processes.
- 4.6 In general, businesses within the sample who were using RoO reported that they did not need to make large, or any changes to their exporting or importing practices as a result. This was either because they had spent time preparing for the changes, or because their business model was unaffected. Some businesses noted increased costs may result from the changes but at the time of the research, they were not confident on the full impact.
- 4.7 Businesses interviewed did not report any specific difficulties in navigating RoO. However, those businesses that relied on agents generally had a limited understanding of RoO and correspondingly perceived the processes to be complex, difficult to compute and input information. These businesses did not get involved in administration relating to RoO themselves and instead relied on the advice of hired experts.
- 4.8 Businesses could not identify any potential positive changes concerning RoO even when prompted. This could be due to the fact the RoO was not a requirement in trading with the EU and is now an added administrative requirement.
- 4.9 Further research to understand challenges relating to RoO would benefit from consultation with businesses not currently using RoO as well as export agents and/or couriers because they are often the individuals engaged directly with RoO processes (on behalf of businesses).

There were no gaps in guidance or support (relating to RoO) identified.

- 4.10 Businesses interviewed did not report seeking or accessing much guidance or support relating to RoO. Businesses felt that they had access to all the support they needed but, in some cases, this was because they employed export agents to manage RoO on their behalf.

4.11 Providing examples or case studies may help businesses understand how nuances of RoO may apply to them. Speaking to export agents would also help to understand the support they themselves need and how they can better support businesses.

Annex A – Rules of Origin Screener

Screener

S1 Good morning / afternoon. My name is NAME and I'm calling from IFF Research on behalf of the Welsh Government

Please can I speak to [NAME FROM SAMPLE]?

IF NECESSARY: We're calling about a study which is building on research from the Trade Survey for Wales conducted by Welsh Government where we are seeking to improve our understanding of trade flows into and out of businesses located in Wales. Having taken part in that research I understand that you agreed to be contacted to help us with this additional research.

Continue	1	CONTINUE
Refusal	2	THANK AND CLOSE

IF TRANSFERRED

S2 Good morning / afternoon, my name is [NAME], calling from IFF Research, an independent research company. We're conducting some research on behalf of the Welsh Government

I understand that you previously took part in the Trade Survey for Wales and agreed to be recontacted to help us with some additional research. Firstly, thank you for taking part and helping so far.

Building on that research, the Welsh Government are keen to conduct some further research to learn more about Rules of Origin and the impacts of this on businesses. I understand that in the survey you answered that you use preferential tariffs and preferential rules of origin when exporting outside of the UK. Is this correct?

Yes	1	CONTINUE
No	2	THANK AND CLOSE

ASK ALL

S3 We would really appreciate getting feedback from businesses like yours to understand the impact of Rules of Origin and build an evidence base to offer greater support moving forwards.

The research would involve taking part in a 30-minute interview by video call or telephone based on your preference. As a thank you for taking part, we will make a donation of £50 on your behalf to the DEC Ukraine Appeal.

All information collected will be treated in the strictest confidence, in accordance with the Market Research Society Code of Conduct. Your responses will not be linked back to you. Your responses will inform our cognitive report and how we alter the questionnaire.

Based on this information, are you willing to take part?

Continue	1	CONTINUE TO SURVEY
Referred to someone else at establishment NAME _____ JOB TITLE _____	2	TRANSFER AND RE-INTRODUCE
Hard appointment	3	MAKE APPOINTMENT
Soft appointment	4	
Refusal	5	THANK AND CLOSE
Refusal – company policy	6	
Refusal – taken part in recent survey	7	
Not available in deadline	8	

S4 That’s great. Thank you. We will be conducting interviews by Zoom or telephone between Thursday 24th March and Friday 8th April 2022. When would be a good time for one of our interviewers to call you within this timeframe?

RECRUITER: PLEASE CHECK AVAILABILITY OF INTERVIEWER BEFORE PROCEEDING

Date	
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(Wednesday 23rd February and Tuesday 1st March 2022)	
Time (Record in 24 hour – make it during business hours 8:30 – 18:00)	
Mode	Zoom / Teams / Telephone [IF PHONE CHECK IF THIS IS BEST NUMBER]

ASK ALL

- S5 Thanks. Just in case our interviewers are unable to make that date, are there any other dates that would be convenient?

WRITE IN OTHER SUITABLE DATES. FINE TO WRITE IN MORE GENERAL AVAILABILITY (E.G. THURSDAY MORNINGS)		
NO OTHER CONVENIENT TIME	1	CONTINUE

ASK ALL

- S6 Thank you very much. To confirm, one of IFF Research's researchers will be conducting a call with you on [DATE] at [TIME].

Could you please tell me your email address so that I can send these details over to you?

ADD IF NECESSARY: We only use your email address to send over details of your appointment. It will not be used for any other purposes or shared with any third parties.

WRITE IN		
REFUSED	1	CONTINUE

ASK ALL

THANK RESPONDENT AND CLOSE INTERVIEW

Finally, I would just like to confirm that this survey has been carried out under IFF instructions and within the rules of the MRS Code of Conduct. Thank you very much for your help today.
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REASSURANCES TO USE IF NECESSARY

The interview will take around 30 minutes to complete.

Please note that all data will be reported in aggregate form and your answers will not be reported to our client in any way that would allow you to be identified.

If respondent wishes to confirm validity of survey or get more information about aims and objectives, they can call:

[MRS: Market Research Society contact details]

[IFF contact details]

Annex B – Rules of Origin Topic Guide – Businesses

NOTE TO INTERVIEWER: Ask all questions unless otherwise specified.

Background (2-3 minutes)

<ul style="list-style-type: none">• Interviewer and IFF introduction – thank you for agreeing to take part• Background to the research: We are conducting research on behalf of the Welsh Government to investigate how businesses understand, and may use, Mode 5; and to explore how Mode 5 impacts businesses.• MRS Code of Conduct and Confidentiality: IFF Research is an independent market research company, operating under the strict guidelines of the Market Research Society’s Code of Conduct. This means that anything you tell us will be treated in the strictest confidence, and none of your answers will be attributed to you unless you give explicit permission for us to do so.• Participation is voluntary – there are no right or wrong answers• Data use: The answers you provide will be analysed by the IFF research team and used to better understand how Mode 5 currently exists and the extent to which Mode 5 impacts businesses.• Permission to record: We like to record all interviews of this nature so we don’t have to take a lot of notes and also to accurately capture our discussion – the recording will only be used for analysis purposes. The recordings will be securely stored in folders that only the IFF research team will have access to. All recordings will be deleted at the end of the research. <p><i>Ask whether participant is happy to take part and for permission to start recording.</i></p> <p><i>Interviewer to read out consent statement above to gain verbal consent.</i></p> <p><i>Start recording if participant agrees to be recorded and confirm verbal consent.</i></p> <p>The interview will last around 30 minutes.</p>	<p>Process notes <i>The purpose of this section is to explain what will be covered during the discussion, explain how their answers will be used, provide assurances around anonymity and request permission to record</i></p>
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Business details (5 min)

<p>In this first section I'd like to understand a bit more about your business.</p> <p>A1. Please can you give me a brief overview of your business in terms of:</p> <ul style="list-style-type: none">• What your business mainly does• Involvement in exporting / importing goods and services• What do you produce / manufacture <p>A2. In just a few words, can you tell me about your job role? What are your main responsibilities?</p>	<p>Process notes: <i>The purpose of this section is to collect key information about the provider to allow us to profile providers taking part in the research and give participants the opportunity to 'warm up' before we get to the meat of the discussion.</i></p>
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Awareness of Rules of Origin and surrounding trade policy (15 mins)

<p>B1. Could you please give me an overview of what you understand Rules of Origin to be? If necessary (for respondent or interviewer), provide definition: Rules of Origin are used to determine the economic nationality of a good and are key components of Free Trade Agreements (FTAs) signed between countries. Preferential i.e., lower tariff rates can only be claimed if exporters can prove they have met the relevant rules of origin arrangements agreed in FTAs.</p> <p>B2. To what extent would you consider your business to be familiar with Rules of Origin?</p> <ul style="list-style-type: none">• Why do you say this?• What methods do you use to maintain awareness? <p>I'd like to ask you a couple of questions about recent changes to trade / exporting policy.</p> <p>B3. On the 1st of January 2022, the grace period agreed in the TCA on providing proof of origin of goods when exporting to the EU ended. Rather than having 175 days to provide the required proof, businesses must now provide supplier and rules of origin declarations (where required) at the time of export. Were you aware of this change?</p>	<p>Process notes: <i>The purpose of this section is to understand more about businesses' awareness of the Rules of Origin, and the language they use around it</i></p>
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IF SO:

- At what point did you hear about / become aware of this change? Was this before or after the easement?
- How did you become aware of this change? PROBE: from government sources? Customs agent?
- Do you think other (similar?) businesses are generally aware of this change?

B4. What impact, if any, did this change have on your business?

- What were these changes?

B5. Are you familiar with declaration/certificate of origins – and the possible penalties for non-compliance? READ OUT:

Businesses must be aware that these differ for different markets (countries). Businesses need to be compliant, and if not, that they will face penalties (and not just one penalty, but retrospective penalties on every single export))

B6. Did your business change its exporting policy since the 1st of January 2021?

IF SO: In what ways?

- Why did this change occur? (internal / external motivations?)

B7. If using Preferential Tariffs and Rules of Origin to trade, how are you administering/capturing the rules and keeping records?

READ OUT: Do you know you need to keep auditable records in place (up to 5 years in some cases) in case you are asked to provide them by customs authorities.

B8. Are you familiar with commodity codes and what commodity codes are you using under rules of origin for your products?

B9. Have you heard of the term ‘cumulation arrangements’?

What do you understand this term to mean? *If necessary / unaware / require a little more information: Cumulation is a provision which allows materials, components and processing inputs from a different country not party to a FTA, to be cumulated and defined as originating from the exporting country (say the UK) for the purposes of accessing preferential tariffs and meeting rules of origin under the terms of a FTA. Were you aware of the different cumulation arrangements and/or the PSRs (Product Specific Rules)?*

- If you use PSRs, what PSR does your business use?

<p>B10. Does your business currently export to the Republic of Ireland or to Northern Ireland?</p> <ul style="list-style-type: none"> • Have the tariffs on entry when exporting to the Republic of Ireland or Northern Ireland had any impact on your business? Has it affected the amount that you export? <p>B11. Is your business an indirect exporter? <i>If necessary: An indirect exporter refers to a business that is part of a supply chain for an exported product, rather than the final exporter.</i></p> <ul style="list-style-type: none"> • IF SO: Have you heard of the 'suppliers declaration'? What do you understand this to mean? Is this something your business deals with directly? • <i>If necessary / unaware / require a little more information:</i> A declaration by which a supplier provides information to his customer concerning the originating status of goods with regard to the specific preferential rules of origin. 	
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Experience and impact of the Rules of Origin (5 mins)

<p>C1. How would you describe your experience of navigating through the Rules of Origin?</p> <ul style="list-style-type: none"> • Have you experienced any difficulties going through the Rules of Origin process? • Have you paid any unexpected duties? IF SO: Did this impact / deter your exporting activity? • Have you ever been declined preferential tariffs, having applied for them? IF SO: Do you know why? What did you do in response? Did this impact / deter your exporting activity? • What impact has this had on your business? • Has your business stopped exporting / importing to the EU as a result of the Rules of Origin? When did this occur and why? • What has your business done, if anything, to address this difficulty? (<i>Ask for each difficulty mentioned</i>) 	<p>Process notes: <i>The purpose of this section is to understand more about the key characteristics of Rules of Origin and the effect it has on businesses</i></p>
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Information and Support with Rules of Origin (5 min)

<p>D1. Has your business sought any guidance or support to help you navigate through Rules of Origin?</p> <ul style="list-style-type: none">• IF SO: What support were you looking for (i.e., which particular part of the process were they struggling with?)• Were you able to find the support you were looking for?• Where? Which sources?• PROBE: Government support used?• PROBE: Customs Agent used? <p>D2. How useful was this information source (try to ask for each mentioned)? Why do you say this?</p> <p>D3. What could have been done to support you better?</p>	<p>Process notes: <i>The purpose of this section is to gain an understanding of how supported businesses feel in relation to Rules of Origin, and where improvements can be made.</i></p>
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Thank and Close (3 min)

<p>If have not changed exporting policy since 1st January 2021:</p> <p>E1. Do you expect your exporting policy to change in the next three years?</p> <ul style="list-style-type: none">• In what ways? <p>ASK ALL:</p> <p>E2. Do you have any other thoughts on Rules of Origin that we haven't discussed today?</p> <p>E3. Would you be willing to share your details with Welsh Government so that they can contact you with more information and advice about Rules of Origin?</p> <p><i>If yes, note contact details</i></p>	
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Annex C – Rules of Origin Topic Guide – Trade Body

Rules of Origin Topic Guide

J11855

Date

Telephone

Background for interviewer

About the research

This research is a follow-up to the Trade Survey for Wales which is a survey that has been running for three years and focuses on understanding how trade flows in and out of businesses based in Wales. This research was commissioned to better understand the impact of the Rules of Origin, which describes provisions in place to determine the 'economic nationality' of goods.

As part of the UK's trade deal with the EU (the 'Trade and Co-operation Agreement' - TCA), exporters were given a year's 'grace' period between 1 January 2021 and 31 December 2021, where they had up to 175 days to complete and submit full customs declarations, including declarations around rules of origin. From 1 January 2022, customs declarations, including rules of origin declaration, will be needed at the time of export. Businesses must now provide supplier declarations on the origin of the products and state that they meet the relevant rules of origin agreed in the TCA, if they wish to take advantage of the preferential zero tariff trading arrangement with the EU. Businesses do not need to use rules of origin, but this would mean that they cannot trade under the zero tariff arrangements.

Rules of origin will also be needed by businesses should they wish to take advantage of the zero tariff trading arrangements agreed in the trade deals with Australia and New Zealand when they come into force. As such, there is a need to gauge awareness and impact of the Rules of Origin and surrounding trade policy measures; with the wider aim of better supporting businesses to navigate this process.

The client, the Welsh Government, seek to understand the nature and importance of the Rules of Origin to Welsh trade.

All businesses we aim to contact have agreed to be re-contacted for research purposes.

NOTE TO INTERVIEWER: Ask all questions unless otherwise specified.

A

Background (2-3 minutes)

<ul style="list-style-type: none">● Interviewer and IFF introduction – thank you for agreeing to take part. <p>Background to the research: We are conducting research on behalf of the Welsh Government to investigate how businesses understand, and may use, preferential tariffs and Rules of Origin; and to explore how the Rules of Origin impacts businesses.</p> <p>MRS Code of Conduct and Confidentiality: IFF Research is an independent market research company, operating under the strict guidelines of the Market Research Society’s Code of Conduct. This means that anything you tell us will be treated in the strictest confidence, and none of your answers will be attributed to you unless you give explicit permission for us to do so.</p> <ul style="list-style-type: none">● Participation is voluntary – there are no right or wrong answers● Data use: The answers you provide will be analysed by the IFF research team and used to better understand how Rules of Origins currently exists and the extent to which it impacts businesses.● Permission to record: We like to record all interviews of this nature so we don’t have to take a lot of notes and also to accurately capture our discussion – the recording will only be used for analysis purposes. The recordings will be securely stored in folders that only the IFF research team will have access to. All recordings will be deleted at the end of the research. <p><i>Ask whether participant is happy to take part and for permission to start recording.</i></p> <p><i>Interviewer to read out consent statement above to gain verbal consent.</i></p> <p><i>Start recording if participant agrees to be recorded and confirm verbal consent.</i></p> <p>The interview will last around 30 minutes.</p>	<p>PROCESS NOTES:</p> <p><i>The purpose of this section is to explain what will be covered during the discussion, explain how their answers will be used, provide assurances around anonymity and request permission to record</i></p>
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B Business details (5 min)

<p>In this first section I'd like to understand a bit more about the businesses of your members</p> <p>B1 Please can you give me a brief overview of your sector in terms of:</p> <ul style="list-style-type: none">● What businesses mainly do● Involvement in exporting / importing goods and services● What do they produce / manufacture <p>B2 In just a few words, can you tell me about your job role?</p> <ul style="list-style-type: none">● What are your main responsibilities?	<p>PROCESS NOTES: <i>The purpose of this section is to collect key information about the provider to allow us to profile providers taking part in the research and give participants the opportunity to 'warm up' before we get to the meat of the discussion.</i></p>
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C Awareness of Rules of Origin and surrounding trade policy (15 mins)

<p>I'd like to start with a couple of questions about your understanding of the Rules of Origin.</p> <p>C1 Could you please give me an overview of what you understand Rules of Origin to be?</p> <p><i>If necessary (for respondent or interviewer), provide definition: Rules of Origin are used to determine the economic nationality of a good and are key components of Free Trade Agreements (FTAs) signed between countries. Preferential i.e. lower tariff rates can only be claimed if exporters can prove they have met the relevant rules of origin arrangements agreed in FTAs.</i></p> <p>C2 To what extent would you consider yourself and your members to be familiar with Rules of Origin?</p> <ul style="list-style-type: none">● Why do you say this?● What methods do you use to maintain awareness?	<p>PROCESS NOTES: <i>The purpose of this section is to understand more about businesses' awareness of the Rules of Origin, and the language they use around it</i></p>
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I'd like to ask you a couple of questions about recent changes to trade / exporting policy.

C3 On the 1st of January 2022, the grace period agreed in the TCA on providing proof of origin of goods when exporting to the EU ended. Rather than having 175 days to provide the required proof, businesses must now provide supplier and rules of origin declarations (where required) at the time of export. Were you aware of this change?

- IF SO: At what point did you hear about / become aware of this change? Was this before or after the easement?
- How did you become aware of this change? PROBE: from government sources? Customs agent?
- Do you think your members are generally aware of this change?

C4 What impact, if any, did this change have on your members?

- What were these changes?

C5 Are you familiar with declaration/certificate of origins – and the possible penalties for non-compliance?

READ OUT: Businesses must be aware that these differ for different markets (countries). Businesses need to be compliant, and if not, that they will face penalties (and not just one penalty, but retrospective penalties on every single export)

C6 Have any of your members changed their exporting policy since the 1st of January 2021?

- IF SO: In what ways?
- Why did this change occur? (internal / external motivations?)
 - **If they use Preferential Tariffs and Rules of Origin to trade, how do they administer/capture the rules and keeping records?**

READ OUT: Do you know they need to keep auditable records in place (up to 5 years in some cases) in case you are asked to provide them by customs authorities.

C7 Are you familiar with commodity codes and what commodity codes are members using under rules of origin for their products?

C8 Have you heard of the term 'cumulation arrangements'?

- What do you understand this term to mean?
 - *If necessary / unaware / require a little more information: Cumulation is a provision which allows materials, components and processing inputs*

from a different country not party to a FTA, to be cumulated and defined as originating from the exporting country (say the UK) for the processes of accessing preferential tariffs and meeting rules of origin under the terms of a FTA. Were you aware of the different cumulation arrangements and/or the PSRs (Product Specific Rules)?

- Are you familiar with, or do you use third party cumulation?
- If you use PSRs, what PSR does your business use?

C9 Do any of your members currently export to the Republic of Ireland or to Northern Ireland?

- Have the tariffs on entry when exporting to the Republic of Ireland or Northern Ireland had any impact on your members? Has it affected the amount that they export?

C6 Are any of your members an indirect exporter?

If necessary: An indirect exporter refers to a business that is part of a supply chain for an exported product, rather than the final exporter.

- IF SO: Have you heard of the 'suppliers declaration'? What do you understand this to mean? Is this something your members deal with directly?

If necessary / unaware / require a little more information: A declaration by which a supplier provides information to his customer concerning the originating status of goods with regard to the specific preferential rules of origin.

E Experience and impact of the Rules of Origin (5 mins)

<p>D1 How would you describe your members' experience of navigating through the Rules of Origin?</p> <ul style="list-style-type: none">● Have they experienced any difficulties going through the Rules of Origin process?● Have they paid any unexpected duties? IF SO: Did this impact / deter their exporting activity?● Have they ever been declined preferential tariffs, having applied for them? IF SO: Do you know why? What did they do in response? Did this impact / deter their exporting activity?● What impact has this had on your members?● Have any of your members stopped exporting / importing to the EU as a result of the Rules of Origin? When did this occur and why?● What have your members done, if anything, to address this difficulty? (ask for each difficulty mentioned)	<p><i>PROCESS NOTES: The purpose of this section is to understand more about the key characteristics of Rules of Origin and the effect it has on businesses</i></p>
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F Information and Support with Rules of Origin (5 min)

<p>F1 Have you or your members sought any guidance or support to help navigate through Rules of Origin?</p> <ul style="list-style-type: none"> ● IF SO: What support were you looking for (i.e. which particular part of the process were they struggling with?) ● Were you able to find the support you were looking for? ● Where? Which sources? ● PROBE: Government support used? ● PROBE: Customs Agent used? <p>F2 How useful was this information source (try to ask for each mentioned)?</p> <ul style="list-style-type: none"> ● Why do you say this? <p>F3 What could have been done to support you better?</p>	<p><i>PROCESS NOTES: The purpose of this section is to gain an understanding of how supported businesses feel in relation to Rules of Origin, and where improvements can be made.</i></p>
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G Thank and Close (3 min)

<p>Finally...</p> <p>If have not changed exporting policy since 1st January 2021:</p> <p>G1 : Do you expect your members' exporting policy to change in the next three years?</p> <ul style="list-style-type: none"> ● In what ways? <p>ASK ALL:</p> <p>G2 Do you have any other thoughts on Rules of Origin that we haven't discussed today?</p> <p>G3 Would you be willing to share your details with Welsh Government so that they can contact you with more information and advice about Rules of Origin?</p>	<p><i>PROCESS NOTES:</i></p>
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<p>If Yes, note contact details</p>	
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THANK RESPONDENT AND CLOSE INTERVIEW

<p>I declare that this interview has been carried out under IFF instructions and within the rules of the MRS Code of Conduct.</p>		
<p>Interviewer signature:</p>	<p>Date:</p>	
<p>Finish time:</p>	<p>Interview Length</p>	<p>Mins</p>