



## **Contractual Terms for Customs and Foreign Trade Law**

15.01.2021, K-FS-3

### **Certificates of preferential origin**

*Contractors based outside the European Union*, insofar as the country from which the goods are sent has a free trade agreement with the destination country, must bindingly state for each part number in the offer whether the delivered goods are originating goods within the meaning of that agreement, or goods released for free circulation in the case of deliveries from Turkey. The contractor must provide the certificate of preferential origin and the certificate of non-preferential origin (country of origin where the last significant processing took place). If the contractor does not issue the above certificates despite having confirmed this, the customer is entitled to charge the additional costs arising from higher import duties to you.

*Contractors based in the European Union* are obliged to only supply the customer with preferential EU goods which fulfil the conditions of the free trade agreement. This also applies to contractual relationships between the customer and Tier 2 suppliers. The long-term supplier declaration must be issued to the Tier 1 supplier in this case. The contractor must make a binding statement on this in your offer. By the first delivery at the latest, the contractor is obliged to certify to the customer and its subsidiaries the preferential origin (origin according to the applicable FTA), non-preferential origin (country of origin where the last significant processing took place) and optionally the US AALA origin, for the whole range of goods to be supplied, along with the VW/AUDI part number and the supplier number, by means of a long-term supplier declaration. For all goods with a minimum value of at least €50.00, the non-preferential portion of the initial material used for manufacturing the goods must be certified at the request of the customer by means of a long-term supplier declaration for goods without origin. Any subsequent changes must be reported in writing to the customer immediately. The declaration is valid for at least a calendar year and must be renewed by the contractor annually without reminder. The maximum validity period of 2 years allowed under regulation (EU) 2015/2447 is also permissible and can be applied on issue.

Contractual penalty:

1. If the contractor fails to fulfil the above obligations, or is late in doing so, the customer is entitled to impose a contractual penalty of €150.00 for each long-term supplier declaration not issued. The same applies if discrepancies are found between the country of origin stated on the component, on the shipping documents or the supplied certificate of origin, and this causes disruption to internal processes or problems in the import/export of goods. The contractual penalty is imposed when the deadline set in the last reminder expires. This contractual penalty is limited to no more than 5% of the (gross) order value.
2. The contractual penalty can be demanded in addition to performance. Claims for damages instead of and in addition to performance, as well as the right of withdrawal from the contract, remain unaffected. However, the contractual penalty is set off against a claim for damages in addition to performance.
3. If the contractor fulfils its basic supply obligations, the customer can reserve the right to impose the contractual penalty until the final payment becomes due.

The contractual penalty does not release the contractor from the general obligation to submit a long-term supplier declaration. On request, the contractor must certify the information on the origin of the goods by means of an information document certified by the customs authorities (INF4). The contractor is liable for all damage suffered by the customer as a result of incomplete and/or incorrect information in the long-term supplier declaration.

Contact: [supplier.declaration@volkswagen.de](mailto:supplier.declaration@volkswagen.de)

## **Export Control and Foreign Trade Law**

The contractor is obliged to inform the customer about any legal prohibitions, restrictions and license requirements resulting from export control and foreign trade laws and regulations of the country of production or country of dispatch with respect to the delivered items. The same applies to export licenses that can be used.

In particular the following shall apply:

1. *All* contractors are obliged to inform the customer about the applicability of U.S. (re)export control law as well as U.S. embargoes and sanctions with respect to the delivered items. This includes the notification of the Export Control Classification Number (ECCN) according to U.S. Export Administration Regulation (EAR), incl. reference to EAR99-items<sup>1</sup>.
2. Contractors *located in the EU* are obliged to inform the customer whether the items delivered are subject to export and transfer restrictions according to regulations as well as sanctions and embargoes imposed by the EU.
3. Contractors *located in Germany* are obliged to inform the customer whether the items delivered are subject to export and transfer restrictions according to the Foreign Trade and Payments Ordinance (Außenwirtschaftsverordnung).

The aforementioned obligations refer in particular to all dual-use items, items to be classified as armaments and items controlled due to sanctions and embargoes. It has to be taken into account that the term "item" comprises goods, technology and software as well as technical services.

To fulfil the aforementioned obligations, in the event of supplying controlled items, the contractor uses the form in Annex I. For the fulfillment of export control and foreign trade-related obligations of the customer the contractor provides further information upon request (obligation to cooperate).

In addition the contractor informs the customer without request about changes regarding any legal prohibitions, restrictions and license requirements concerning items already delivered.

The contractor sends all information mentioned above at latest at the time of the first delivery/transfer without prior request to [exportkontrolle@volkswagen.de](mailto:exportkontrolle@volkswagen.de).

The above obligations extend beyond the duration of the business relations.

Contact: [exportkontrolle@volkswagen.de](mailto:exportkontrolle@volkswagen.de).

## **AEO**

The contractor is required, based on legal requirements, to produce, store, process, finish and load goods produced, stored, transported or delivered on behalf of the customer, or accepted from the customer, in secure facilities and transport terminals, and to safeguard such goods from unauthorized access during production, storage, processing, finishing, loading and transportation. The contractor has to safeguard that the staff used to produce, store, process, finish, load, transport and accept such goods is reliable.

The contractor shall instruct business partners acting on its behalf that they are also required to undertake measures to secure the aforementioned supply chain. If the contractor has issued a security declaration

---

<sup>1</sup> Provided that the export control classifications results from exceeding a de minimis level the controlled U.S. portion must be disclosed explicitly. The de minimis level must be declared as of 10% (Example: *EAR99 (18%)*).

confirming that it complies with the security requirements under this clause or if it has obtained an AEO certificate number the declaration or the AEO certificate number, as the case may be, shall be submitted to the customer upon request.

Contact: [joerg.fricke@volkswagen.de](mailto:joerg.fricke@volkswagen.de)



**Annex I - Statement about the Export Control Classification of Items**

No.	Reference No./ Serial No.	Description of Item	Customs Tariff Number (HS Code)	Country Code (ISO2)	Export Control Classification												Remarks (e.g. applicability of procedural simplifications)
					Country of Production/ Country of Dispatch			US-(Re)Export Control Law and US Sanctions Law			EU Regulations (e.g. Dual-Use) and EU Sanctions			German Foreign Trade Ordinance (Ausserwirtschaftsverordnung)			
					no	yes	if yes: classification number incl. legal basis	no	yes	if yes: classification number incl. legal basis	no	yes	if yes: classification number incl. legal basis	no	yes	if yes: classification number incl. legal basis	
1																	
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
11																	
12																	
13																	
14																	
15																	

If the classification is confirmed by an Export Control Authority (e.g. BAFA or BIS) please attach a copy of the relevant document(s). Please use further pages if necessary.

Signature Date: \_\_\_\_\_

Signature & Stamp: \_\_\_\_\_