



Circular letter
January 2021

Dear Members,

On behalf of the Council and Committees, we wish you and your families a very happy and healthy 2021! We are looking forward to the vaccine and hope to meet each other soon in real life!

Please be informed about the following subjects.



Annual General Meeting

As already mentioned in our November Circular Letter the Annual General Meeting (AGM) is planned on Thursday 22 April 2021. Whether or not this will be combined with our traditional dinner event or any alternative, will be decided before the end of this month and communicated to the members.



Brexit

On 24 December 2020 the European Union and the United Kingdom reached an agreement on the terms of their future cooperation. On Saturday (26 December) [the European Commission published the 1,246 page \(!\) draft Agreement](#) on its website. The new Trade and Cooperation Agreement consists of three pillars. The first pillar, a Free Trade Agreement, provides for zero tariffs and zero quotas on all goods - including oils and fats and associated products - that comply with the rules of origin agreed on by the parties. Products that do not comply with these rules of origin will face EU's and UK's import duties (MFN).

All EU Free Trade Agreements (FTAs) have an annex containing the list of working or processing required to be carried out on non-originating materials (e.g. U.S. soybeans, Indonesian palm oil or Canadian rapeseed) in order that the product manufactured in the EU or partner country can obtain originating status. However, these product specific "list rules" of origin differ from one FTA to another.

Refining/Fractionation

For most vegetable oils and fats (e.g. soybean oil, palm oil, sunflower oil and rapeseed oil) the EU and the UK have agreed upon the non-restrictive Change of Tariff Sub Heading (CTSH) rule. This CTSH rule means that if a working or processing in the EU/UK leads to a product with a different HS sub heading, at 6-digit level, the manufactured product has obtained the EU/UK origin. In the vast majority of cases refining or fractionation of vegetable oils in the EU/UK meets the CTSH list rule of origin for these products, but there are a few exceptions.

Examples

- An EU/UK company imports crude sunflower oil (HS sub heading 1512.11) from Ukraine and this crude oil is subsequently refined in the EU/UK. The product manufactured, refined sunflower oil, is classified in a different HS sub heading, 1512.19. Consequently, this refined sunflower oil has obtained the EU/UK origin.

- When a company in the EU/UK imports crude shea fat and refines and/or fractionates this product, this refined and/or fractionated shea fat will not be granted preferential treatment. Both crude and refined/fractionated shea fat are classified in the same HS sub heading 1515.90. So, for the latter product refining/fractionation does not result in a Change of Tariff Sub Heading (CTSH) and therefore the EU-UK will not grant preferential treatment.
- When an EU or UK company imports crude palm oil (HS 1511.10) from a third country (e.g. Indonesia or Malaysia) and it refines or fractionates this CPO, the RBD palm oil, olein and stearin are classified in a different HS sub heading (HS 1511.90). Consequently, the RBD palm oil, palm olein and stearin are now products originating in the EU/UK. However, when this company imports semi-refined palm oil (HS 1511.90) the same processes will not meet the list rule criteria, because there is no Change of Tariff Sub Heading.

Crushing

Crushing of oilseeds, such as soybeans, rapeseed and sunflower seed (HS range 1201-1207) results in vegetable oils (HS range 1507-1515) and oil meals (HS range 2304-2306). Under the EU-UK agreement crushing of these seed/beans is in all cases considered an origin conferring process. Vegetable oils (HS chapter 15) and oil meals (HS chapter 23) are classified in different HS chapters than oilseeds (HS chapter 12), while the EU and UK agreed the CTSH rule for vegetable oils and the Change of Tariff Heading (CTH) - at 4-digit level - for oil meals.

For detailed information about the EU-UK list rules of origin for vegetable and animal oils and fats, oil meals, biodiesel, hydrogenated oils and fats, margarine and edible mixtures of oils and fats, see table below ([in PDF, click](#)).

FTA EU - UK: list rules of preferential origin applicable to oils, fats and associated products

HS heading	Product	Working or processing, carried out on non-originating materials, which confers originating status
Vegetable oils and fats, crude, refined and/or fractionated		
1507	Soybean oil	Change of Tariff Sub Heading (CTSH)
1508	Groundnut oil	Change of Tariff Sub Heading (CTSH)
1509-1510	Olive (pomace) oil	Production in which all the vegetable materials used are wholly obtained
1511	Palm oil	Change of Tariff Sub Heading (CTSH)
1512	Sunflower oil	Change of Tariff Sub Heading (CTSH)
1513	Coconut / palm kernel oil	Change of Tariff Sub Heading (CTSH)
1514	Rapeseed oil	Change of Tariff Sub Heading (CTSH)
1515	Linseed and maize oil	Change of Tariff Sub Heading (CTSH)
Oil meals		
2304	Soybean meal	Change of Tariff Heading (CTH)
2306	Sunflower and rapeseed meal	Change of Tariff Heading (CTH)
Biodiesel		
3826	Biodiesel	Production in which biodiesel is obtained through transesterification, esterification or hydro-treatment
Vegetable and animal fats, (partly) hydrogenated or inter-esterified		
1516	Vegetable and animal fats, (partly) hydrogenated or inter-esterified	Change of Tariff Heading (CTH)
Margarine; Edible mixtures of oils and fats		
1517	Margarine; Edible mixtures of oils and fats	Change of Tariff Heading (CTH)
Animal fats and oils		
1501	Pig and poultry fat	Change of Tariff Heading (CTH)
1502	Fats of bovine animals, sheep or goats	Change of Tariff Heading (CTH)
1503	Lard stearin, lard oil, oleostearin, oleo-oil and tallow oil	Change of Tariff Heading (CTH)
1504	Fish oil	Change of Tariff Heading (CTH)
1505	Wool grease	Production from non-originating materials of any heading
1506	Other	Production from non-originating materials of any heading

A claim for preferential tariff treatment shall be based on:

- (a) a [statement on origin](#) that the product is originating made out by the exporter; or
- (b) the importer's knowledge that the product is originating.

Approval of the Free Trade Agreement by parliaments and EU Council

UK parliament (both the House of Commons and House of Lords) is expected to approve the (provisional) application of the EU-UK Free Trade Agreement this Wednesday (30 december) through a rubberstamp procedure, while the EU Member States (EU Council) are expected to

approve this Agreement through a written procedure tomorrow (29 December) before 3 p.m. The European Parliament (EP) will discuss the text in its first plenary meeting in January, but this will not stop the provisional application of the EU-UK Free Trade Agreement as of 1 January 2021.

(* Source: F. Köster, MVO)

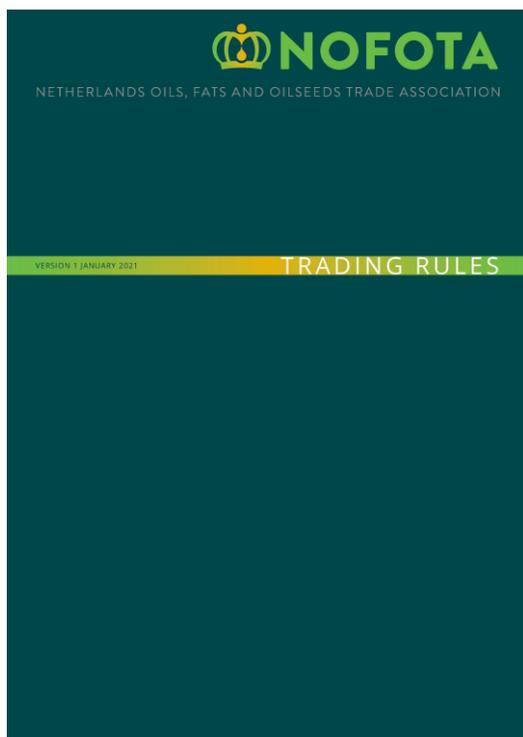
NOFOTA will continue to follow the developments of the BREXIT Agreement and whether it will have consequences for the NOFOTA Trading Rules.

NOFOTA Trading Rules Test

ONLINE Training Tool

With our November Circular Letter, we informed you about the ONLINE Training Tool to test yourself on your Trading Rules knowledge. Currently we are looking at a possibility to make the tool available via our website.

Click [here](#) for the free test, click [here](#) for the instruction to create an account. The access code for the test is 2EV8G38V. After completing the test you can see the correct answers and explanations of the questions via these [instructions](#).



NEW NOFOTA Trading Rules (NTR)

The NTR have been amended as per the 1st of January 2021. It contains changes earlier made in 2019 (clauses 110, 111 on Brexit) as well as smaller typos. Furthermore, the analysis examples on page 59 paragraph 8 have been deleted. On page 68 reference is made to tank storage terminals that are being recognized for the storage of oils and fats products for technical purposes only.

Click [here](#) to download the new Trading Rules, including the Rules for Arbitration. The NTR can also be downloaded from the website. A link on the homepage as well as under publication refers to the new NTR. Previous versions of the NTR can be viewed on the website under the member section “publications”.

Historical magazine: “Oils, Fats and Oilseeds”

In the meantime, various people ordered the reproduction of the oils, fats and oilseeds magazine of 1926 and 1941. Positive reactions have been received by the secretariat. The 1926 issue is in English and the 1941 in Dutch. These collectors’ items can still be ordered via the [secretariat](#) at a cost of € 37.50 ex vat and delivery costs.



Diary dates 2021

22 April 2021 (**) NOFOTA Annual General Meeting and Annual General Meeting for Arbitrators

(**) Possibilities depend on the COVID-19 situation.

Non-business days 2021

1 January	New Year's Day (Friday)
2 April	Good Friday
5 April	Easter Monday
27 April	King's Day (Tuesday)
13 May	Ascension Day (Thursday)
24 May	Whit-Monday
24 December	Christmas Eve (Friday)*

(*) Half NOFOTA Non-business day as from 12.00 hours Dutch local time

Hope to have informed you sufficiently.

Best regards,



Ron van Noord

Secretary General



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