

EUR.1 preference certificate: key document for preferential duty benefits

The EUR.1 preference certificate is a customs document that proves the preferential origin of goods and thereby enables reduced or zero duty rates under preferential trade agreements. For industrial buyers and exporters, it is a central instrument for systematically reducing trade costs. In practice, it is frequently used for goods traffic between the EU and partner countries such as Turkey, the United Kingdom or EFTA countries. Anyone who applies origin rules incorrectly risks back payments, penalties and reputational damage with customs authorities.

Key facts

- The EUR.1 proves preferential origin and enables duty benefits under free trade agreements.
- It is typically mandatory for consignments exceeding EUR 6,000; below that, an origin declaration on the invoice is often sufficient.
- Issuers must be able to reliably prove origin, for example by means of a LIEB or long-term LIEB.
- Validity is generally ten months from the date of issue; retroactive issuance is possible under conditions.
- Incorrect or improper issuances lead to back payments of duty, punitive tariffs and criminal tax proceedings.
- Product-specific origin rules and list rules (list of working or processing operations) differ depending on the agreement.

Definition: EUR.1 preference certificate

The EUR.1 is a formal preference or origin document with which the exporter certifies that goods meet the origin rules of an applicable free trade agreement. The recipient can thereby claim a preferential duty rate on import, frequently zero per cent.

Legal framework

The EUR.1 is enshrined in numerous EU free trade and association agreements, including the agreement with Turkey, the UK trade agreement and agreements with EFTA states. The prerequisites are that the goods meet the respective origin rules and that the movement is clearly documented. The requirements differ depending on the agreement, in particular with regard to list rules and transport conditions. Before issuance, it should therefore be verified which agreement applies and which origin rules are relevant. In individual cases, it should be clarified with the customs authority or a customs advisor whether an EUR.1, a declaration on the invoice or another document is permissible.

Distinction from the origin declaration

For smaller consignments or for authorised exporters, an origin declaration on the invoice or delivery note frequently replaces the EUR.1. For authorised exporters, the threshold of EUR 6,000 per consignment typically does not apply. In many agreements, the REX system has also become relevant

in recent years, under which the exporter declares origin with a registration number. Nevertheless, the EUR.1 remains the dominant format in classic agreements such as EU–Turkey. Buyers should clarify with the supplier which document is accepted under the specific agreement.

Methods and procedure: how to correctly prepare and check an EUR.1

The reliable use of the EUR.1 follows a clear sequence: check the origin rule, secure the proof, issue the document, align transport documents and claim the preference on import.

Securing proof of origin (LIEB)

Before an exporter issues an EUR.1, they must reliably substantiate the preferential origin. For this purpose, the supplier's declaration for exporters (LIEB) is used, ideally as a long-term LIEB for recurring inputs. Buyers should organise procurement so that valid LIEB are available without gaps and are updated regularly. Changes to production processes or sources of supply, for example within dual-source management or when increasing the dual-sourcing ratio, require a reassessment of origin. A clean workflow between procurement, export processing and sales prevents incorrect issuances here.

Issuance and transport

The EUR.1 is issued on a form according to the model of the respective agreement and is endorsed by customs authorities or, in the case of authorised exporters, signed by the exporter themselves. Consistent alignment with the commercial invoice, packing list and transport documents is essential, as discrepancies frequently lead to queries or refusal of the preference. For direct transport, interruptions can be documented; for consignments routed via third countries, additional requirements such as evidence of non-transformation apply.

Verification in the country of import

The importing buyer should systematically check EUR.1 documents: formal completeness, plausibility of the goods description, consistency with invoice data and validity. This check can be integrated into the commercial invoice verification process in order to review duty benefits and documentation together. Deviations belong in a defined deviation workflow within the quantity and quality process, so that sources of error are systematically remedied.

Key KPIs and indicators relating to the EUR.1

Preference management can be measured. With a few key figures, buyers and export departments can steer whether duty benefits are consistently exploited and documents are managed error-free.

Preference rate and savings

The preference rate relates the number of preference-privileged consignments to the total number of preference-eligible consignments. In practice, well-organised companies frequently achieve well over 95 per cent. In addition, it is worthwhile determining the realised duty savings per consignment or year in order to make the benefits of preference management quantifiable.

Document quality

The error rate for EUR.1 documents, such as incomplete fields or expired LIEB, should typically be below two per cent. Further relevant indicators are the lead time from issuance to presentation to

customs and the proportion of documents subsequently requested. These values combine well with data analysis methods in procurement to identify patterns in errors or supplier differences.

Supplier-related indicators

In addition to consignment data, evaluating suppliers is worthwhile: how many provide valid LIEB on time? What is the proportion of subsequently requested certificates? This visibility can be embedded in existing supplier audit programmes, in particular for critical inputs with complex list rules.

Risks and controls: avoiding sources of error with the EUR.1

The greatest risk area is improper issuance, for example when upstream suppliers do not provide valid declarations or list rules are misinterpreted. Customs authorities can subsequently refuse preferences and demand back payments with interest as well as penalties.

Typical sources of error

Common errors are outdated LIEB, incorrect goods descriptions, missing verification records for list rules and undocumented intermediary chains. It is also often overlooked that changes in the supply chain, such as a supplier change as part of dual-sourcing efforts, can alter the origin status. In the tendering phase for new parts, the proof of origin should therefore be defined as a requirement, including a contractual obligation to provide up-to-date LIEB.

Internal controls

Effective controls include the four-eyes principle for issuance, regular sampling, training for export processing and annual internal audits. Authorised exporter status reduces the administrative burden but increases the exporter's own responsibility. In the event of objections, structured exception management helps to systematically process back-payment demands and remedy root causes.

Tax and criminal law dimension

Preference certificates issued without entitlement can be treated as tax evasion, since customs duty is a consumption tax. Primary responsibility lies with the issuer, but importers can also become liable if they neglect plausibility checks. All legal assessments must always be examined on a case-by-case basis; in case of doubt, a binding customs ruling or external advice is recommended.

Current developments: digitalisation and new agreements

The preference landscape is going digital: many agreements now permit electronic origin declarations, partly using registration systems such as REX. Paper EUR.1 documents remain relevant in classic agreements but are being complemented.

REX and electronic proofs

Under the REX system, the exporter declares origin with a registration number instead of a form; this applies in particular in the GSP area and increasingly in new agreements. For companies, this means converting document processes to system-supported declarations. A consistent data model for item masters, origin rules and commodity codes is a fundamental prerequisite for this, as are maintained planning parameters to reflect country-specific requirements.

Implications for procurement and logistics

New agreements, trade conflicts and supply chain changes increase the coordination effort. Preference eligibility also plays a role in freight cost management and inbound quality: incorrect documents delay consignments at the border and cause demurrage or production stoppages. Buyers should therefore consistently address origin eligibility in supplier selection, internal transfer prices in group procurement and framework agreements.

Integration into procurement systems

Modern ERP and customs systems support origin verification, document archiving and deadline monitoring. What matters is not the software but clean master data and clear responsibilities. Those who systematically map export and proof obligations link customs compliance seamlessly to order processing and goods receipt verification processes.

Typical metrics

Preference rate: > 95%

Proportion of preference-privileged consignments out of preference-eligible consignments

EUR.1 document error rate: < 2%

Proportion of objected-to or incomplete certificates

LIEB update rate: > 98%

Proportion of valid, up-to-date supplier's declarations

Realised duty savings: depends on company and tariff

Duty savings achieved through preference per year, benchmarked against the full duty rate

Practical example

A mid-sized machinery manufacturer regularly exports components to Turkey and issued EUR.1 documents based on supplier's declarations, some of which had not been updated for years. A customs audit revealed that, following a relocation of sourcing, an input no longer met the list rule. Back payments over several years were at stake.

- Introduction of deadline management for LIEB with annual updating by the procurement function
- Inclusion of preference eligibility as a mandatory criterion in future tendering processes
- Linking document checks with the commercial invoice verification in the goods receipt process
- Training for export processing and establishment of a defined deviation process for objected-to certificates

Conclusion

The EUR.1 preference certificate is more than a form: it is the link between origin compliance, supplier management and measurable cost savings in foreign trade. Buyers should ensure that proofs of origin are contractually anchored, updated on time and systematically checked. Changes in the supply chain require immediate reassessment of origin status. Those who steer preference management with key figures permanently reduce duty costs and audit risks. In case of doubt, a case-by-case customs law review or a binding ruling is the right course.

Frequently asked questions

When do I need an EUR.1 preference certificate?

An EUR.1 is required when you wish to claim a reduced or zero duty rate on import into a preferencing country and the applicable agreement provides for this document. Typically, it is mandatory for consignments exceeding EUR 6,000; below that, an origin declaration on the invoice is often sufficient. Authorised exporters may also use the invoice declaration for larger consignments.

How long is an EUR.1 valid?

Under most agreements, the EUR.1 is generally valid for ten months from the date of issue for presentation to the importing customs authority. Exceptions and special provisions may apply depending on the agreement. Retroactive issuance or endorsement is possible under certain conditions within a deadline, often up to two years.

What is the difference between EUR.1 and EUR-MED?

The EUR-MED was a preference certificate for the Pan-Euro-Mediterranean area that permitted cumulation between the contracting parties. It has been replaced in many agreements by the REX system and origin declarations. The EUR.1 remains the classic bilateral document, for example in trade with Turkey.

Who may issue an EUR.1?

The exporter in the contracting state whose goods meet the origin rules may issue it, i.e. the exporter or, in the case of direct consignment, the manufacturer. For consignments exceeding EUR 6,000, endorsement (counter-signature) by the competent customs authority is often required unless authorised exporter status exists. A reliable proof of origin, such as a LIEB (supplier's declaration), is a prerequisite.

What happens with an incorrect EUR.1?

In the event of improper issuance, the importing customs authority may refuse the preference, demand payment of duty, and charge interest and penalties. In serious cases, criminal tax proceedings against the issuer may follow. Importers should therefore verify the plausibility of documents and inform issuers of the consequences.

Is the EUR.1 still fit for purpose, or are there alternatives?

In many modern agreements, origin declarations on the invoice or electronic declarations, such as under the REX system, can replace the EUR.1. In classic agreements, for example with Turkey, the EUR.1 often remains the standard. Which document is permissible depends on the specific agreement and should be verified on a case-by-case basis.