

# Foreign Trade / Customs (SD-FT)



HELP.SDFT

**Release 4.6C**



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## Foreign Trade / Customs (SD-FT)



**General Foreign Trade Processing**



**Periodic Declarations**



**Legal Control**



**Documentary Payments**



**Communication / Printing**



**Preference Determination**



**Data Service**

### Purpose

As markets become increasingly more global and business structures more complex, the need for accuracy in handling the foreign trade needs of a business is gaining rapidly in importance. SAP's R/3 Foreign Trade / Customs application (FT) provides the tools you need to compete effectively in today's fast-paced market. It is designed to help you meet the rapidly changing foreign trade requirements of your business.

SAP's R/3 Foreign Trade application enables you to:

- Manage import and export processes, integrating them efficiently into the supply chain
- Automatically identify licensing requirements for importing and exporting goods based on current regulations
- Simplify reporting with automatic procedures for creating, printing and submitting declarations
- Determine which of your products qualify for preference handling

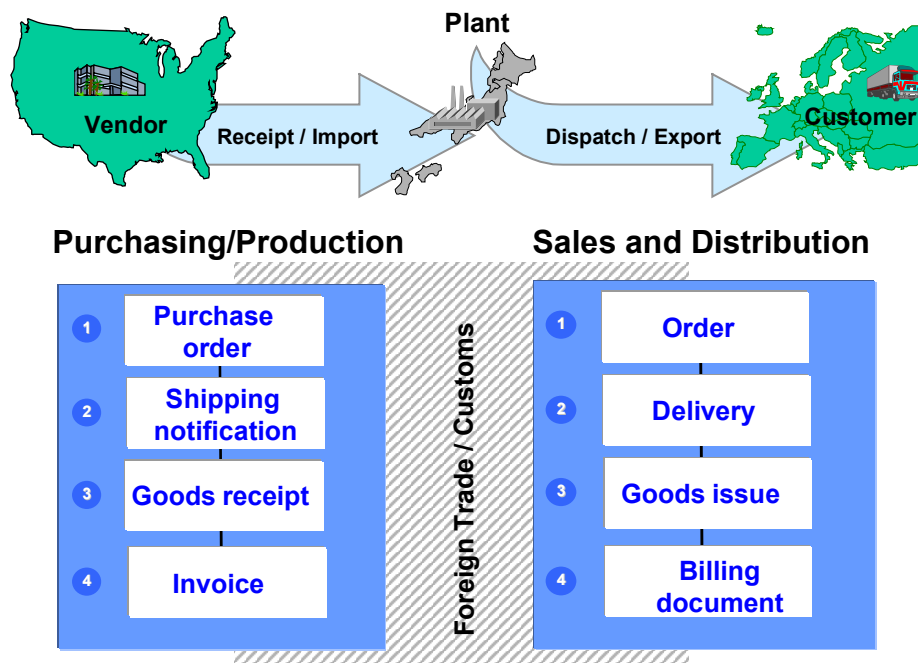
## Foreign Trade / Customs (SD-FT)

- Provide an active interface for sending or retrieving data via internationally available EDI systems and other electronic media
- Update or change data in all relevant foreign trade documents at any time prior to the final goods issue. Even after you have posted the goods issue, you can still change data in the invoice.

## Integration

The Foreign Trade/Customs (FT) application component is integrated with *Materials Management* for handling imports and with *Sales and Distribution* for exports. In the area of documentary payments, it is also integrated closely with the *Financial Accounting* application.

The following graphic illustrates where FT data is integrated into the R/3 environment:



## Features

### What can SAP's Foreign Trade / Customs system do?

The capabilities of the SAP Foreign Trade application are illustrated and described in each of the following component descriptions:

- [Basic Functions \[Ext.\]](#)
- [Communication/Printing \[Ext.\]](#)
- [Legal Control \[Ext.\]](#)
- [Periodic Declarations \[Ext.\]](#)
- [Preference \[Ext.\]](#)
- [Documentary Payments \[Ext.\]](#)

- [Import Processing \[Ext.\]](#)

**See also**

[Benefits of Using SAP Foreign Trade/Customs \[Page 8\]](#)

[The Situation Within Your Own Country \[Page 9\]](#)

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**Benefits of Using SAP Foreign Trade/Customs**

## Benefits of Using SAP Foreign Trade/Customs

SAP's Foreign Trade/Customs application (FT) is

- Cost effective
- Easy to use
- Integrated with the total SAP system

### Do it Yourself versus Hiring a Customs Broker

Official customs brokers are licensed by the customs service to assist you with import and export transactions. They have the responsibility to ensure that all foreign trade customs procedures are followed completely and comply to legal regulations. They also ensure that the duties collected from your company are turned over to the government when they become due.

Although the services of a customs broker replace the need for your company to handle the necessary tasks associated with foreign trade, they can be very costly.

SAP's FT system incorporates all of the necessary checks and balances necessary to ensure that your import and export transactions are handled lawfully and that the duties owed to the customs authorities are calculated instantly and accurately.

### Ease of Use

FT incorporates the latest technology to ensure that everything you need to do to handle your foreign trade transactions are at your fingertips. FT includes customizing wizards to assist you in configuring your system to match your needs and provide easy to use access to foreign trade information. For each main area in foreign trade, a cockpit has been designed that allows you to access all the transactions necessary for that particular application area.

The Foreign Trade cockpits include:

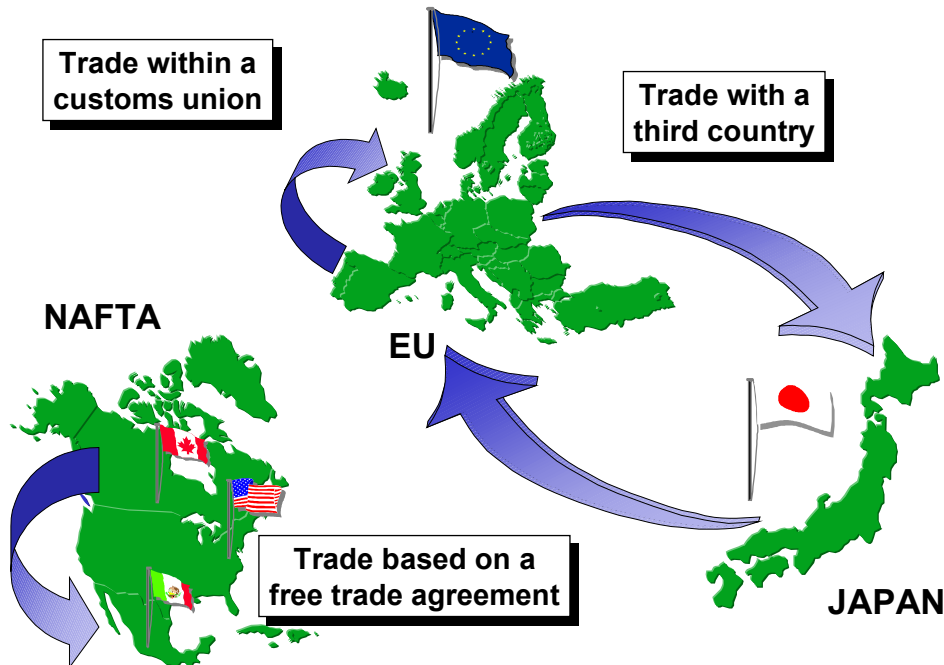
- [General Processing \[Ext.\]](#)
- [Periodic Declarations \[Ext.\]](#)
- [Legal Control \[Ext.\]](#)
- [Documentary Payments \[Ext.\]](#)
- [Communications and Printing \[Ext.\]](#)
- [Preference Processing \[Ext.\]](#)
- [Data Service \[Ext.\]](#)

### Integration

FT is integrated fully into all relevant SAP System components. It is integrated with *Materials Management* (MM) to handle goods receipts and imports and with *Sales and Distribution* (SD) for accurately processing the foreign trade requirements associated with goods issues and exports. In the area of documentary payments, it is also integrated with the *Financial Accounting* application component.



## The Situation Within Your Own Country - Scenarios



### Possible Trading Scenarios

Depending on trade agreements between your country and other countries, there are three situations that you might encounter when your business trades with another company located in a foreign country.

- Trade within a customs union
- Trade based on a free trade agreement
- Trade with an independent third country

### What is a Customs Union?

A **customs union** is an association formed when two or more sovereign states agree to eliminate or reduce trade restrictions among themselves and to adopt a common trade policy toward outsiders. For members of a Customs Union, no rules are needed to determine which goods inside the union can move freely and no origin rules are needed, therefore, no internal frontiers are needed for customs or external trade purposes.

Customs unions are designed to lower costs of imported goods and to enlarge markets. Member countries can thus concentrate on products that are easiest to produce in terms of their own resources and import other essential products at minimal expense.



The **European Union (EU)** was established on November 1, 1993. Under the Maastricht Treaty, European citizenship was granted to citizens of each member

## The Situation Within Your Own Country - Scenarios

state. Customs and immigration agreements were enhanced to allow European citizens greater freedom to live, work, or study in any of the member states and border controls were relaxed.

The primary goals of the European Union are to

- Reduce or eliminate trade restrictions
- Standardize VAT (Value Added Tax)
- Establish a common European currency.

In the EU, INTRASTAT (intra-European Union trade statistics) declarations are required for the trade of certain commodities between EU member states for statistical purposes.

For more information about the **European Union**, see <http://europa.eu.int/>

On January 1, 1996, the Customs Union between the European Union and Turkey was established creating the closest economic and political relationship between the EU and any non-member country. The primary characteristic of the union is that goods can move freely between the EU and Turkey without being subject to customs duties or quantitative restrictions.

## What is a Free Trade Agreement?

A **free trade agreement** (FTA) between countries seeks to reduce or eliminate customs duties and restrictions to the exchange of commodities between them. Unlike a customs union, an FTA is binding for **trading purposes only** – there are no common political institutions involved and the sovereignty of member states is left intact. There is no intent to integrate the economies or to turn them into a single economy.



Examples of free trade areas include:

- European Economic Area (EEA)
- European Free Trade Association (EFTA)
- North American Free Trade Agreement (NAFTA)
- Caribbean Community and Common Market (Caricom)
- Mercado Comun del Sur (MERCOSUR)

The **North American Free Trade Agreement** (NAFTA) involves the USA, Mexico and Canada. NAFTA eliminates tariffs and other trade barriers on approximately 10,000 goods over a period of 15 years beginning in 1994. Additionally, it promotes conditions of fair competition in the area of free trade and increases investment opportunities between the parties of the agreement. The NAFTA creates a free trade area, not a common market. Therefore, customs administrations still exist and goods entering Canada, Mexico or the United States must still comply with each country's laws and regulations.

The **European Free Trade Association** (EFTA) was established in 1960 to remove trade barriers and promote closer economic cooperation throughout Western Europe.

**The Situation Within Your Own Country - Scenarios**

**MERCOSUR:** Comprising Argentina, Paraguay, Uruguay and Brazil, the Southern Common Market (MERCOSUR) was initially established on March 26, 1991, with the Asuncion Treaty in Paraguay. It represents approximately 190 million individuals.

The objectives of MERCOSUR include

- Free transit of production goods, services and factors between member states
- Eliminating customs rights and lifting nontariff restrictions on the transit of goods
- Fixing a common external tariff
- Adopting a common trade policy with regard to nonmember states
- Coordinating positions in regional and international commercial and economic meetings
- Coordinating policies of member states relating to foreign trade, agriculture, industry, taxes, the monetary system, exchange and capital, services, customs, transport and communications to ensure free competition between member states
- Commitment by the member states to make adjustments to their laws to strengthen the integration process.

For more information about **MERCOSUR**, see

<http://www.americasnet.com/mauritz/mercosur/english/>

**Trade with a Third Country**

When you trade with an independent **third country** (one with which your country has no free trade agreement or is not a member country of a customs union), your company is subject to all customs tax regulations and must make duty payments for goods transferred to or from that country. Duty rate schedules are provided by the customs authorities in each country and are assessed for certain goods listed in the Harmonized Commodity Description and Coding System (HS).

**Economic Zones**

Economic zones generally consist of countries that are grouped based on a free trade agreement or are members of a customs union. Not all economic zones have the same aims or the same level of integration between member countries. However, they are all designed to promote the free movement of goods between a zone's member countries with little or no duty payments for such trade. For example, NAFTA intends to remove respective customs restrictions over a long period of time. In contrast, the EU – as a customs union – has already removed customs restrictions and takes other political aspects into consideration in addition to trade.

**Economic Zones Currently Supported by FT**

<b>Economic zone</b>	<b>Member countries</b>
ASEAN (Association of South East Asian Nations)	Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam
EFTA (European Free Trade Association)	Iceland, Norway, Switzerland

**The Situation Within Your Own Country - Scenarios**

EU (European Union)	Austria, Belgium, Denmark, Germany, Finland, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Sweden, Spain, United Kingdom
MERCOSUR (Mercado Comun del Sur)	Argentina, Brazil, Paraguay, Uruguay
NAFTA (North American Free Trade Agreement)	Canada, Mexico, USA

**See also:**

<http://www.aseansec.org/> for more information about **ASEAN**

<http://www.efta.int/structure/main/index.html> for more information about **EFTA**

<http://www.customs.ustreas.gov/nafta/> or <http://www.nafta-sec-alena.org/> for more information about **NAFTA**

**Terminology Used for Trade Between Countries**

Type of delivery	Term for this delivery
You send goods to another country within your economic zone	Dispatch
You receive goods from another country within your economic zone	Receipt (or Arrival)
You send goods to a country outside your economic zone	Export
You receive goods from a country outside your economic zone	Import

## Scenario - Importing from a Third Country

### Purpose



### Purpose

This scenario describes the processes involved in importing goods into your country from a **third country**. In this sense, a "third country" is defined as the country of export when no trade agreement exists between your country and the exporter. In this case, you are responsible for compliance with the import laws of your own country.

### Reasons for Importing Goods

There are three primary reasons for importing goods.

- Trade
- Production
- Transit

#### Trade

There are three main reasons why you may want to import for trade purposes:

1. Comparative advantage – Some foreign manufacturers can make products more cheaply.
2. Availability – Some products are only available in foreign markets.
3. Marketability – A product may be new and you want to market it in your entire country or in a region of your country.

## Scenario - Importing from a Third Country

### Production

It is sometimes advantageous to import raw or semi-finished materials to be used in a manufacturing process.

### Transit

Foreign merchandise with the status "in transit" is exactly that – passing through your country on the way to another. At the plant level in the SAP System, this refers to a goods receipt that immediately becomes a goods issue to a country other than the location of your plant. A carnet TIR (document which allows passage of foreign merchandise through a customs territory) may be required for the transfer of goods under bond in your country.

## Prerequisites and Considerations

### Duty Payment Requirements

For production and trade purposes, duties may or may not be assessed for goods entering your country. As a rule, no duties are assessed for goods in transit within your country.

### Import Quotas

Quotas are sometimes imposed on imported merchandise to protect the local market. Once the quota has been reached or exceeded, the tariff duty rate may be increased or the merchandise may be held in a foreign trade zone or bonded warehouse until the absolute quota is again available. This waiting period may be as long as a year. Therefore, importers should ascertain in advance whether an absolute or tariff rate quota exists on the import goods.

### Commodity Codes and Calculation of Duties

Before you can calculate the duties that must be paid on your imported goods, you must correctly classify the product based on its [commodity code \[Ext.\]](#) or [import code number \[Ext.\]](#) (the first six digits are always the same internationally). These codes are found in the Harmonized Commodity Description and Coding System (usually known as the HS or Harmonized System). Once you have determined the code for the goods, you can determine the rate of duty in the harmonized tariff schedule. Tariff schedule rates differ for each country and, in cases involving a quota, these rates are usually higher once the quota has been reached.

#### See also:

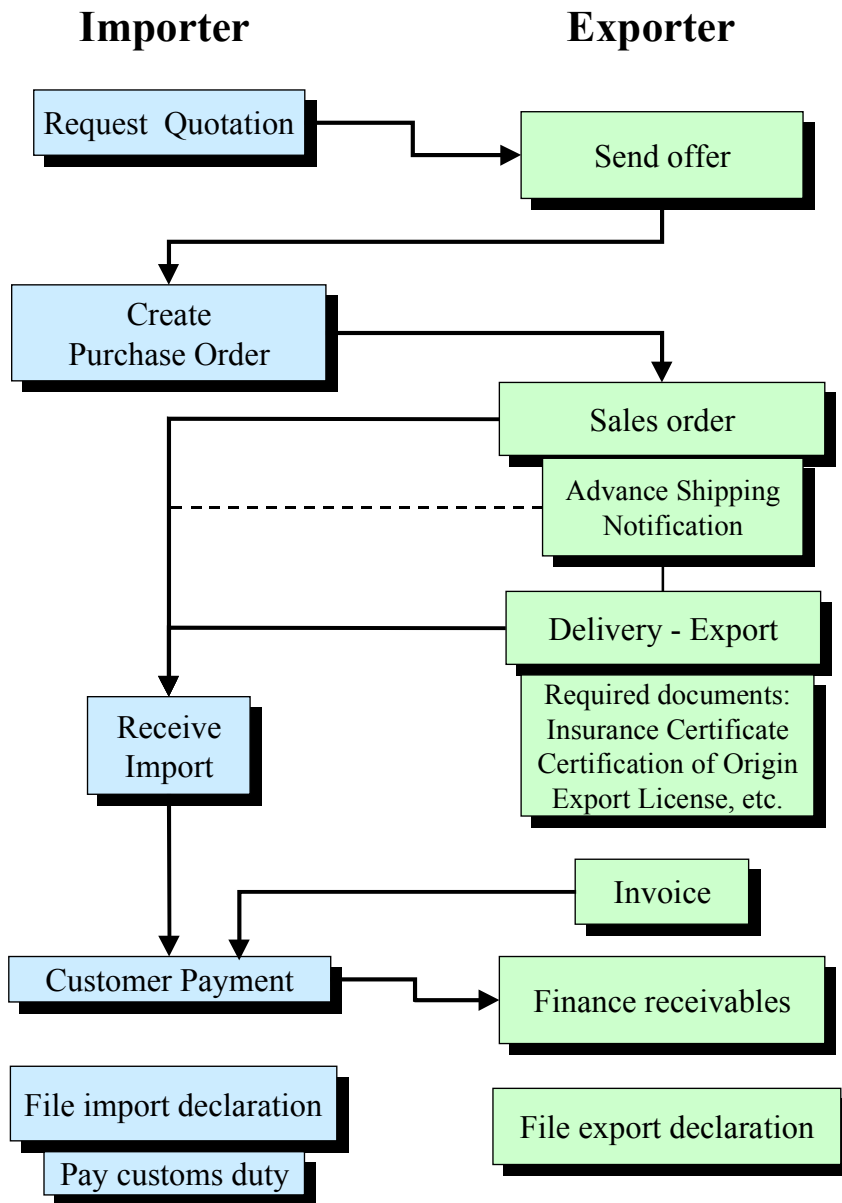
[Loading of Commodity Codes and Import Code Numbers \[Ext.\]](#)

## Import Process

The import process illustrated and described below answers the following questions:

- What must the importer do?
- What must the exporter do?

For information about the process of importing merchandise involving a letter of credit, see [Scenario - Import Involving a Letter of Credit \[Page 21\]](#).

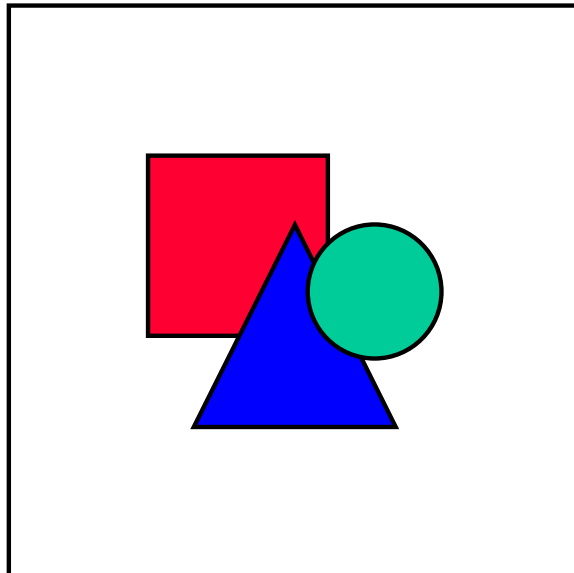


1. You (the importer) first request a quote (generally, EXW or CIF) for the merchandise. This may or may not include transportation and insurance costs.
2. You prepare a purchase order based on the offer (quotation) received from the exporter.
3. The exporter creates a sales order based on your purchase order and sends it to you.
4. (Optional) The exporter creates an advanced shipping notification to inform you of the date and quantities to be delivered.
5. The exporter ships the merchandise.

**Scenario - Importing from a Third Country**

Also, at the time of shipment, the exporter provides you with required documentation depending upon the terms of sale and your agreement with the exporter. Documents may include some or all the following:

- Bills of lading
- Commercial invoice
- Export packing list
- Shipper's Export Declaration (SED) (Required in the USA for goods valued at \$2501 or more)
- Shipper's Letter of Instructions (SLI) (applies only to the USA)
- Single Administrative Document (SAD) (applies only to the EU)
- Certificate of Origin
- Insurance certificates
- Licenses (when necessary)



You can create the documents mentioned above (other than insurance certificates) using the SAP FT application.

**Import licensing** is generally only necessary for drugs, weapons and alcoholic beverages. Special licensing may be required for countries with trade restrictions. If needed, you can obtain these licenses from the corresponding regulatory agencies of the state or federal government.

6. You transfer funds to the exporter's bank in accordance with your agreement.
7. You [calculate the duty rates \[Page 57\]](#) and [create the customs declaration \[Ext.\]](#) for the import.
8. You file the declaration with customs within the time frame required by law and pay the customs duties.

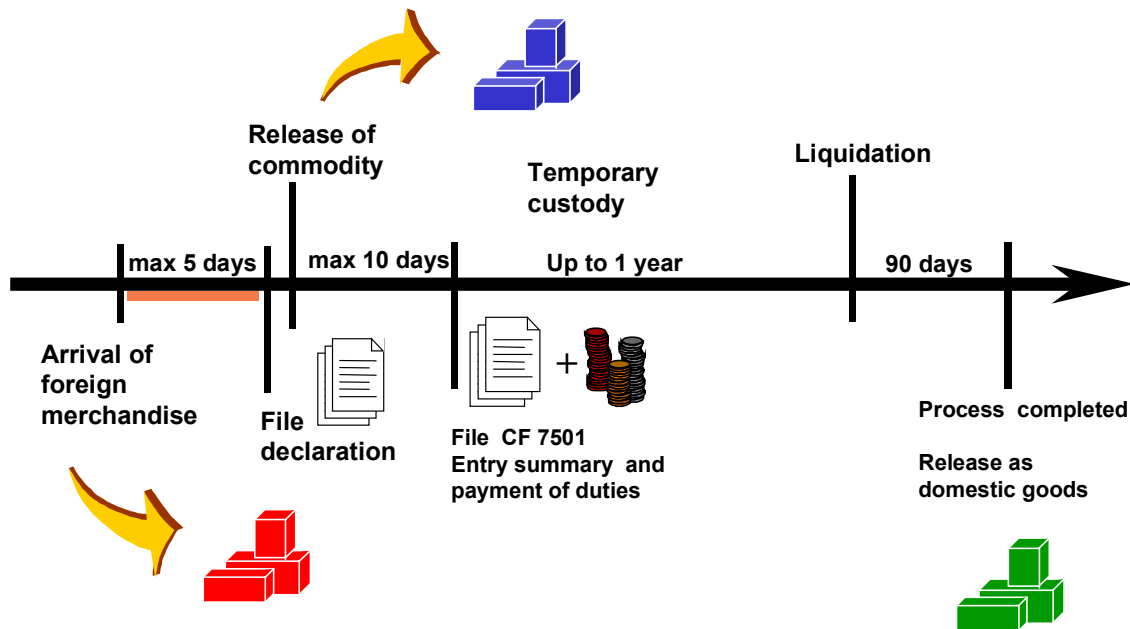
**See also:**



[US Customs Entry Process \[Page 18\]](#)

## US Customs Entry Process

## US Customs Entry Process

*Entry Process - US Customs***Purpose**

When foreign merchandise arrives in the United States, the following entry process takes place:

1. The importer of record (owner, purchaser, or customs broker) files entry documents at the port of entry. Imported goods are not legally entered until after the shipment has arrived at the port of entry, delivery of the merchandise has been authorized by Customs and estimated duties have been paid. The importer of record must arrange for examination and release of the goods.
 

Goods may be entered for consumption, entered for warehouse at the port of arrival, or they may be transported in-bond to another port of entry and entered there under the same conditions as at the port of arrival.
2. Unless an extension is granted, you must file entry documents within five working days of the date of arrival of a shipment at a U.S. port of entry. These documents include:
  - Entry Manifest, Customs Form 7533; or Application and Special Permit for Immediate Delivery or Customs Form 3461
  - Evidence of right to make entry
  - Commercial invoice or a pro forma invoice

**US Customs Entry Process**

- Packing lists (when appropriate)
- Other documents required to determine merchandise admissibility

If the goods are to be released from Customs custody on entry documents, an entry summary for consumption must be filed and estimated duties deposited at the port of entry within 10 working days of the time the goods are entered and released.

3. You must provide evidence that bond is posted with Customs to cover any potential duties, taxes and penalties which may accrue.
4. If no legal or regulatory violations have taken place, the shipment is released, You must file entry summary documentation (Customs Form 7501 and other invoices and documents needed to assess duties) and pay estimated duties within 10 working days of the release of the merchandise at a designated customhouse.

**Immediate Release**

Under some circumstances, you can arrange in advance of arrival for immediate release of a shipment using Form 3461 (Special Permit for Immediate Delivery) . Immediate release with Form 3461 applies to

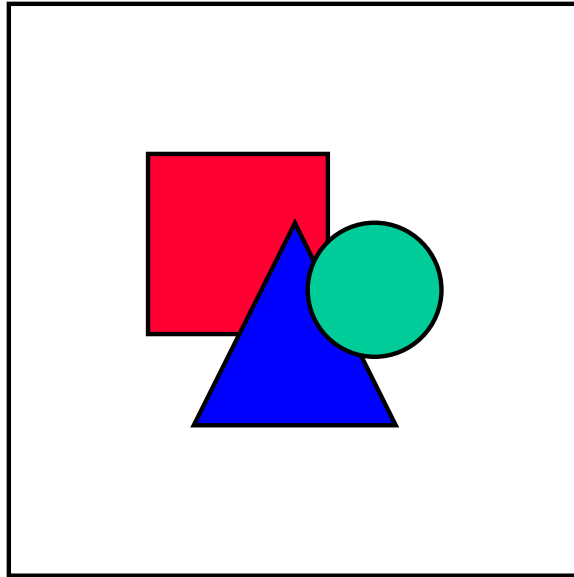
- Merchandise, and agricultural products arriving from Canada or Mexico
- Shipments consigned to agencies of the U.S. Government
- Articles for a trade fair
- Tariff-rate quota merchandise and some goods subject to an absolute quota
- Any other goods approved by the director

Certain restrictions apply to each of these items, so check with the customs office for more detailed information.

**Postponed Release**

If you want to postpone the release of the goods, they can be placed into a bonded warehouse under a warehouse entry. Such goods may remain in the bonded warehouse up to five years from the date of importation. Goods in a bonded warehouse may be reexported without paying duty or you can withdraw them for consumption once you pay duties owed.

US Customs Entry Process

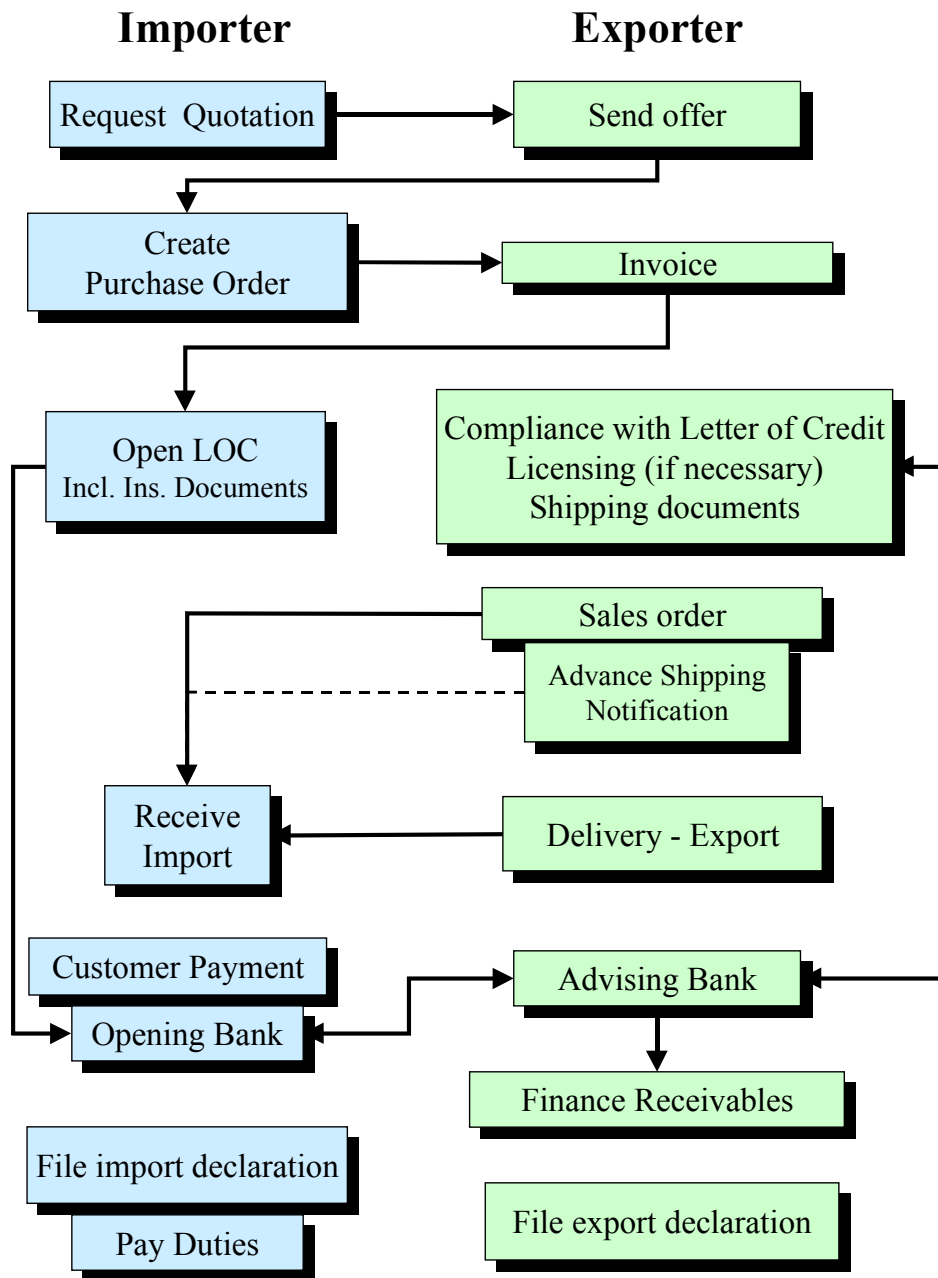


You can find information about bonded manufacturing warehouses section 311 of the Tariff Act. (19 U.S.C. 1311).

## Scenario - Import Involving a Letter of Credit

### Purpose

This scenario describes the process of importing goods into your country using a [letter of credit](#) [Ext.] for payment.

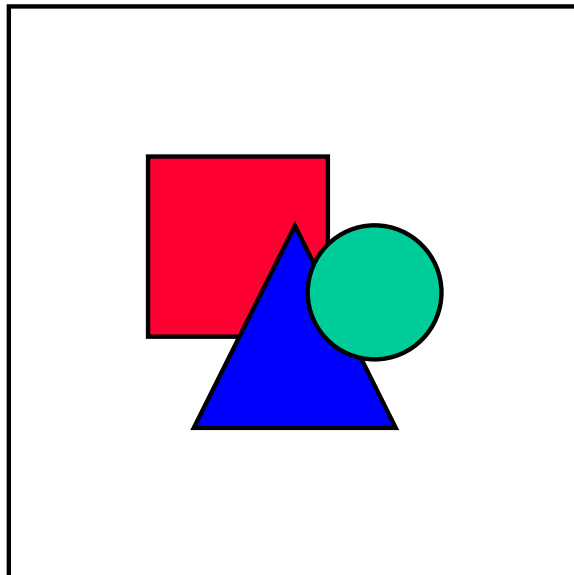


**Scenario - Import Involving a Letter of Credit****Import Process Involving a Letter of Credit**

9. You (the importer) first request a quote for the merchandise. This may or may not include transportation and insurance costs.
10. You prepare a purchase order based on the offer received from the exporter.
11. The exporter creates a pro forma invoice and sends it to you.
12. You open a letter of credit with the opening bank in the country of import.

This involves advising the bank of the documents required from the exporter. As an importer, you not only need the documents required by customs, but also the documents that are required by any other agency regulating your commodity. These may include

- Bills of lading
- Commercial invoice
- Export packing list
- Shipper's Export Declaration (SED) (Required in the USA for goods valued at \$2501 or more)
- Shipper's Letter of Instructions (SLI) (applies only to the USA)
- Single Administrative Document (SAD) (applies only to the EU)
- Certificate of Origin
- Insurance certificates
- Licenses (when necessary)

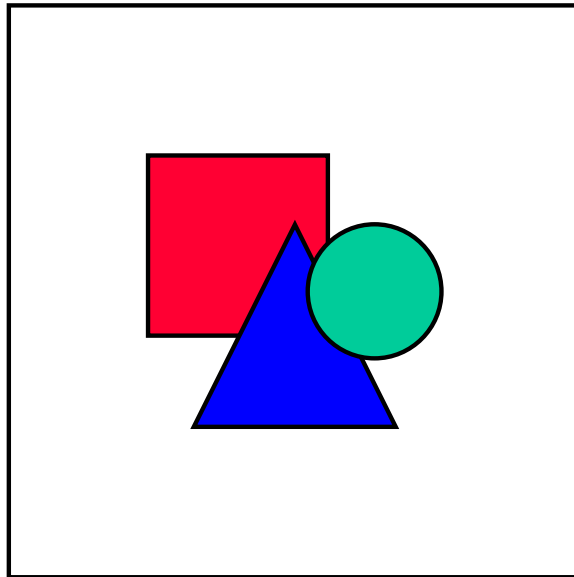


Using the SAP FT application, you can [create the letter of credit \[Ext.\]](#) yourself before contacting the opening bank. Other than insurance certificates, you can also create the documents listed above using FT.

13. The opening bank sends the letter of credit to the advising bank in the exporter's country.
14. The advising bank advises the exporter that a letter of credit has been opened in his favor.

**Scenario - Import Involving a Letter of Credit**

15. The exporter ships the merchandise in accordance with the terms stipulated in the letter of credit.
16. The exporter gives the documents proving that the shipment was made in conformance with the letter of credit to the advising bank.
17. The advising bank pays the exporter based on the documents received.
18. The advising bank transfers the documents to the opening bank and receives payment.
19. The opening bank gives the documents to you (the importer).
20. You calculate the duty rates, file the declaration with customs and pay the customs duties within the time frame required by law.

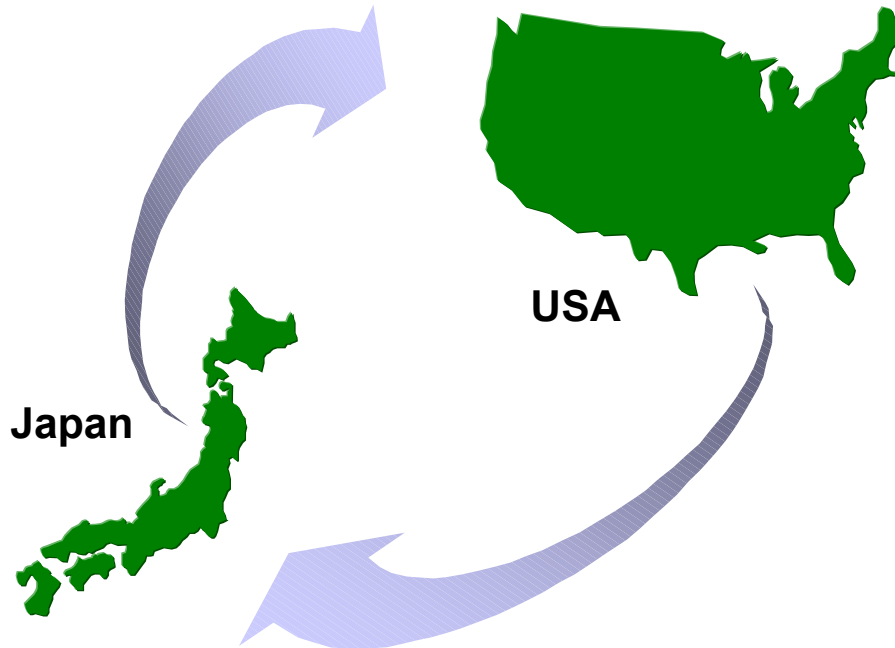


You can [calculate the duty rates \[Page 58\]](#) and [create the customs declaration \[Ext.\]](#) using FT.

**See also:**

For a detailed description of how letters of credit are processed in the SAP's Foreign Trade system, see [Documentary Payments \[Ext.\]](#).

## Scenario - Exporting to a Third Country

**Scenario - Exporting to a Third Country****Purpose**

This scenario describes the processes involved in exporting goods from your country to an independent country (third country) where no trade agreement exists between your country and the importer. In this case, you are responsible for compliance with the export laws of your own country.



## Reasons for Exporting Goods

Three primary reasons for exporting goods include

- Increase profit
- Consistency in sales profits
- Extension of the product cycle

### Consistency in Sales

Peaks and valleys in the business cycle are inevitable. When the economy of one country is on an economic downturn, the economy in other nations may be in a relatively prosperous phase. If you have customers in countries other than your own, your business profits tend to become more consistent from year to year.

### Product Cycle Extension

When you export your product, the end of the product cycle is postponed. When the market in your own country is saturated, exporting allows you to introduce your product into other countries.

## Considerations

### Licensing

Since most goods require no licensing, you can export them freely. If your goods are not on the Commerce Control List (CCL) and there are no other restrictions, such as embargoes or your customer being listed on a sanctioned party list, you can generally trade freely without any government licensing required. Generally speaking, the only merchandise that requires a license includes

- Weapons
- High-technology products that might be used against your government
- Goods in short supply in your own country

### Delivery Quantity

Large quantities may require international sales agreements, special packaging and handling procedures or a particular method of payment. Additionally, special export limitations and quotas may also affect export procedures, documentation and manufacturing decisions.

### Partial Deliveries to the USA

A special consideration for exporting to the USA concerns partial deliveries. A billing document for partial delivery can only be accepted if

1. a contract for the entire shipment is available,
2. the partial delivery is sent from the same shipper to the same consignee, and
3. the import is completed within 10 days at the same customs entry point.

## Scenario - Exporting to a Third Country

### The Product

The product that you plan to export may also affect the documentation and procedures necessary to comply with government requirements. For example, are you shipping raw materials or a finished product? Will it be used as a component in a manufacturing process? Does it need to be modified to be sold in a foreign market?

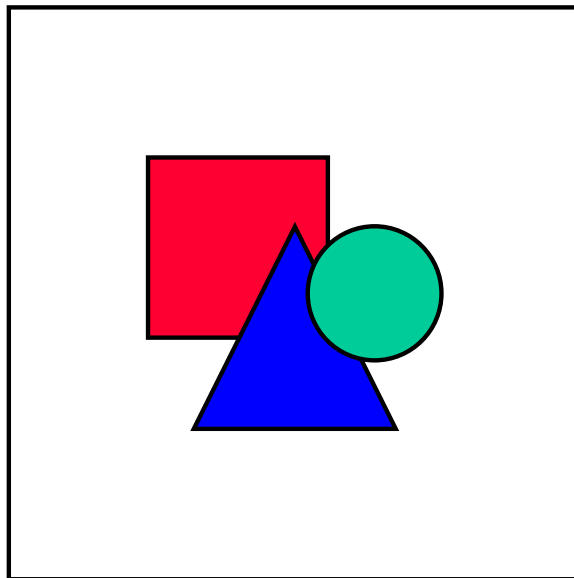
### Required Information

In addition to the data normally required for shipment, the following information must be properly documented when you export goods:

- Country of origin
- The port of entry
- Detailed description of each item of goods shipped
  - This includes the description of the merchandise, goods classification, brand name and numbers and symbols under which the goods will be sold in the country of import.
- Number of pieces packed and packaging type
- Value of each item of merchandise in the shipment
- (In some cases) Total cost of shipping the goods from the exporter's place of business to the port of entry in the country of import.

### Duty Drawback

In some cases, you can apply for a duty drawback for duties paid previously. This is a refund of all or part of customs duties, or domestic tax paid on imported merchandise which was subsequently either manufactured into a different article or re-exported. The drawback enables domestic manufacturers to compete in foreign markets without having to include, in the cost and sales price, the duty paid on imported raw materials or merchandise used in the manufacture of the exported goods.



In the US, 99% of duties paid on re-imported merchandise is refundable under the duty drawback program. The right to claim a drawback refund is also transferable.

**Scenario - Exporting to a Third Country**

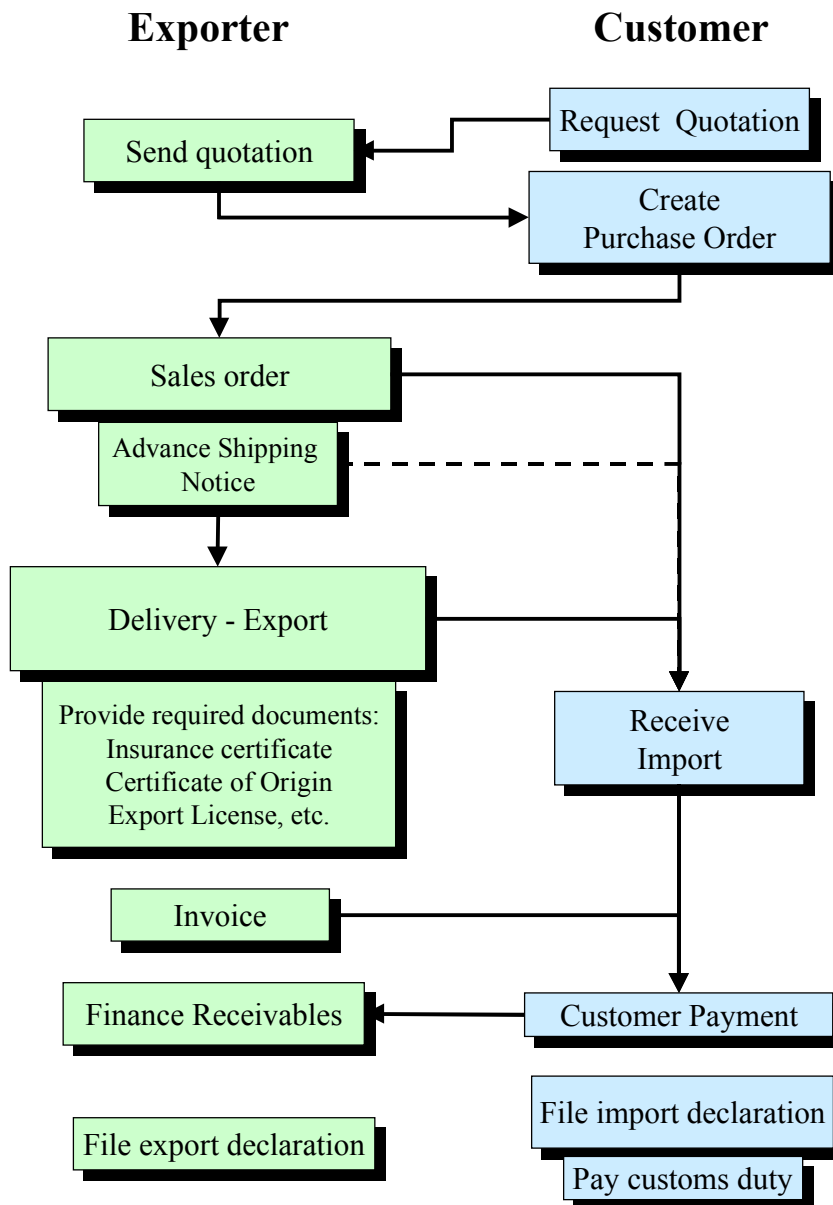
This means that you can claim a drawback whether the shipment is exported by the manufacturer, subsequent customers or agents.

**Export Process**

The export process illustrated and described below answers the following questions:

- What must the exporter do?
- What must the importer do?

For information about the process of exporting merchandise involving a letter of credit, see [Scenario - Export Involving a Letter of Credit \[Page 30\]](#).

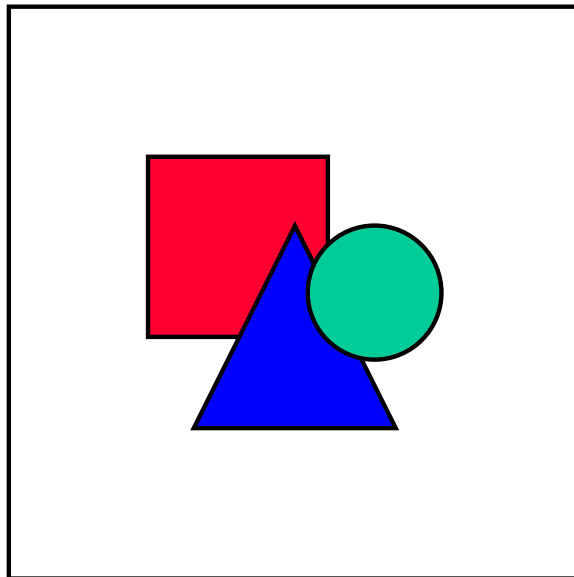


**Scenario - Exporting to a Third Country**

21. The importer first requests a quotation for the desired merchandise.
22. You (the exporter) provide a quotation for the merchandise to the importer including costs based on the terms of sale requested by the importer (usually, EXW or CIF).
23. The importer sends you a purchase order based on your offer.
24. You issue a sales order based on the purchase order and send it to the importer.
25. (Optional) You may also send an advanced shipping notification to inform the importer of the exact date and quantities of merchandise to be delivered.
26. You ship the merchandise to the customer.

Also, you need to provide documentation based on the terms of sale and your agreement with the importer. Documents may include some or all the following:

- Bills of lading
- Commercial Invoice
- Export packing list
- Shipper's Export Declaration (SED) (Required in the USA for formal entry valued at \$2501 or more)
- Shipper's Letter of Instructions (SLI) (applies only to the USA)
- Single Administrative Document (SAD) (applies only to the EU)
- Certificate of Origin
- Insurance certificates
- Licenses (when necessary)



With the exception of the insurance certificates, you can create the above documents using the SAP Foreign Trade (FT) application.

27. The importer transfers funds directly to your company or your bank in accordance with your agreement.

---

**Scenario - Exporting to a Third Country**

28. The importer receives the merchandise, files a declaration and pays customs duties due to the responsible authorities.
29. You file a customs declaration for the exported goods.

**Document Requirements**

**Certificate of Origin:** The certificate of origin is an official declaration, which certifies the country in which a commodity originated or was manufactured. In most cases, the importer and exporter must keep this document on file and provide it to the government only if requested.

**Shipper's Export Declaration (SED):** In the USA, the SED is only required for shipments valued at more than US\$ 2500 (formal entry). If you are shipping goods out of the USA, the SED does not go to the importer. You must send it to the US Government before the shipment leaves the US. With the Automated Export System (AES), you can file this document electronically.

**Export vessel movement summary sheet:** If you export by ocean from the USA, you must file this document with the Customs Service.

**See also:**

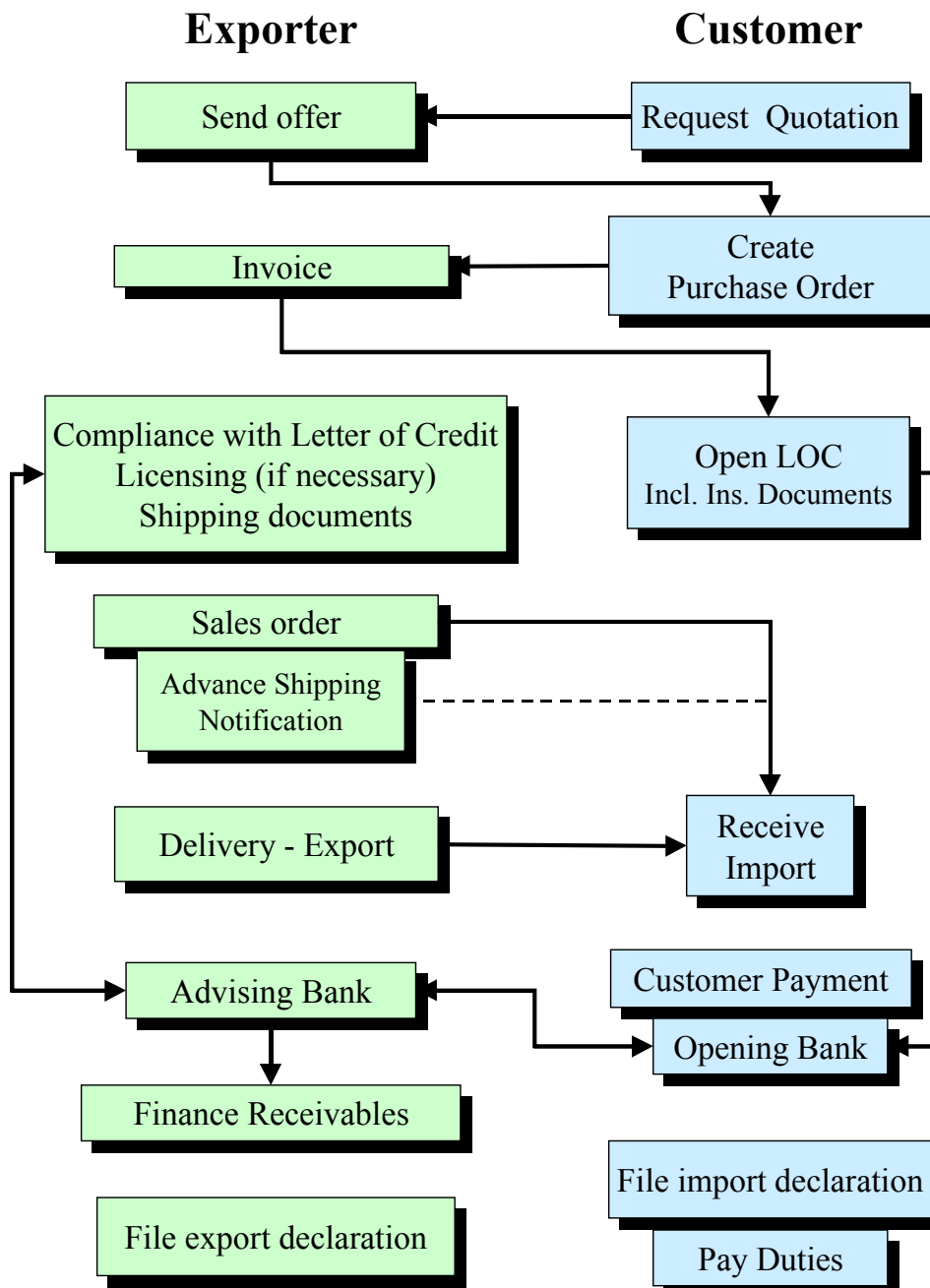
[US Customs: Automated Export System \(AES\) \[Ext.\]](#)

## Scenario - Export Involving a Letter of Credit

## Scenario - Export Involving a Letter of Credit

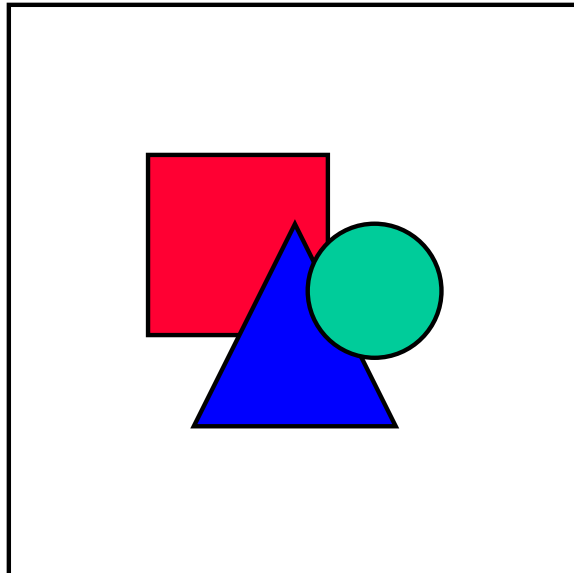
## Purpose

This scenario describes the process of exporting goods and receiving payment using a [letter of credit \[Ext.\]](#).



## Process

30. The importer requests a quote for the merchandise.
31. You (the exporter) provide a quote for the merchandise to the importer.
32. The importer sends you a purchase order based on your offer.
33. You issue a sales order based on the purchase order and send it along with an invoice to the importer.
34. (Optional) You send an advanced shipping notification to inform the importer of the exact date and quantities of merchandise to be delivered.
35. The importer opens a letter of credit with the opening bank in the country of import.
36. The letter of credit stipulates in detail which documents are required by customs and by any other agency regulating your commodity. These may include
  - Bills of lading
  - Commercial invoice
  - Export packing list
  - Shipper's export declaration (SED) (Required in the USA for goods valued at \$2501 or more)
  - Shipper's Letter of Instructions (SLI) (applies only to the USA)
  - Single Administrative Document (SAD) (applies only to the EU)
  - Certificate of origin
  - Insurance certificates
  - Licenses (when necessary)



With the exception of the insurance certificates, you can create the above documents using the SAP Foreign Trade (FT) application.

37. The opening bank sends the letter of credit to the advising bank in your country.

**Scenario - Export Involving a Letter of Credit**

38. The advising bank advises you that a letter of credit has been opened in your favor.
39. You ship the merchandise in accordance with the terms stipulated in the letter of credit.
40. You give the documents proving that the shipment was made in conformance with the letter of credit to the advising bank in your country.
41. The advising bank pays you for the merchandise based on the documents received.
42. The advising bank transfers the documents to the opening bank and receives payment from the customer.
43. The importer receives the merchandise, files an import declaration and pays customs duties to the responsible authorities.
44. You file a customs declaration for the merchandise exported.



## Scenario - Trade based on a Free Trade Agreement

### Purpose

This scenario describes the processes involved in **exporting** goods from your country when a trade agreement exists between your country and the importer. (See *Trade Based on a Free Trade Agreement* in [The Situation Within Your Own Country \[Page 9\]](#))

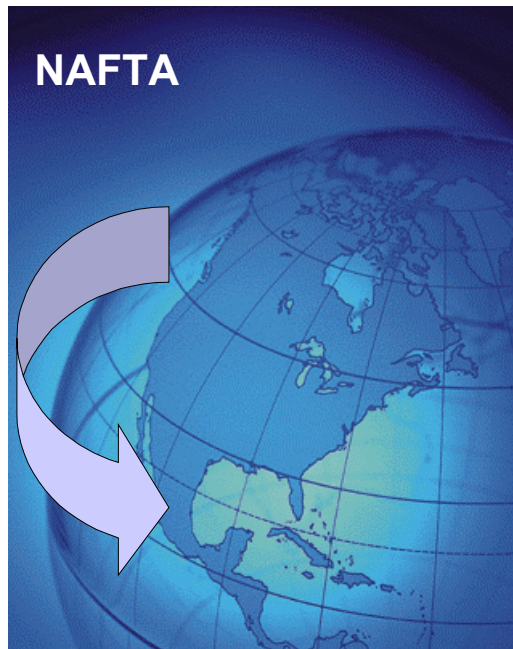
### Preferential Treatment

If your products qualify as originating according to the rules stipulated by the customs territory from which you are exporting, they may qualify for preference. When you dispatch goods that qualify for preference, your customers pay little or no customs duties.



Using the North American Free Trade Agreement (NAFTA) as an example, if your company is located in Canada and you export a material to Mexico that originated in Canada or the USA, it may qualify for preference. Under NAFTA, you can export many materials without paying customs duty.

You can find detailed information about NAFTA under the Internet address <http://www.customs.ustreas.gov/nafta/>.



### Prerequisites

#### Certificate of Origin

A primary requirement for shipping merchandise to another country with which you have a free trade agreement involves the *Certificate of Origin*. A certificate of origin is an official document

### Scenario - Trade based on a Free Trade Agreement

that certifies that goods exported from one customs territory to another is an originating good – that is, it was derived or manufactured within the country of export.

This document is provided and signed by the exporter when goods are exported for which an importer may claim preferential tariff treatment.

See *NAFTA Certificate of Origin* below.

### Process

45. The customer requests a quotation for the cost of the merchandise.
46. You (the exporter) provide a quotation for the merchandise to the customer.
47. The customer sends you a purchase order based on your offer.
48. You create a sales order based on the purchase order.
49. You ship the merchandise in accordance with the terms agreed upon.
50. You send an invoice to the customer.
51. The customer transfers funds to your company or your bank.
52. You file an export declaration with the customs authorities.
53. The customer receives the merchandise and files an import declaration with the customs authorities in the country of import.

### NAFTA Certificate of Origin

Under the NAFTA, a new certificate of origin is required for all shipments that qualify for special tariff treatment – reduced or free duty rate.

The importer who claims preferential tariff treatment is required to

- Make a written declaration, based on a valid Certificate of Origin, that the goods qualify as originating goods
- Have the certificate of origin in his or her possession when the declaration is made
- Provide a copy of the certificate to the customs service if requested

In NAFTA, a certificate of origin is **not required** if the transaction is valued at US\$ 1000 or less.

Frequently, products manufactured in one of the three countries in the agreement are manufactured from raw materials from one or more of the countries. For example, a product made in Mexico may be produced from raw materials from Canada and the USA. In this case, the exporter is responsible for providing the importer with a certificate of origin that is filled out and signed. Both the exporter and importer must keep a signed original certificate of origin on file for five years after the goods have been imported. You do not give this certificate to the Customs Service unless it is requested.

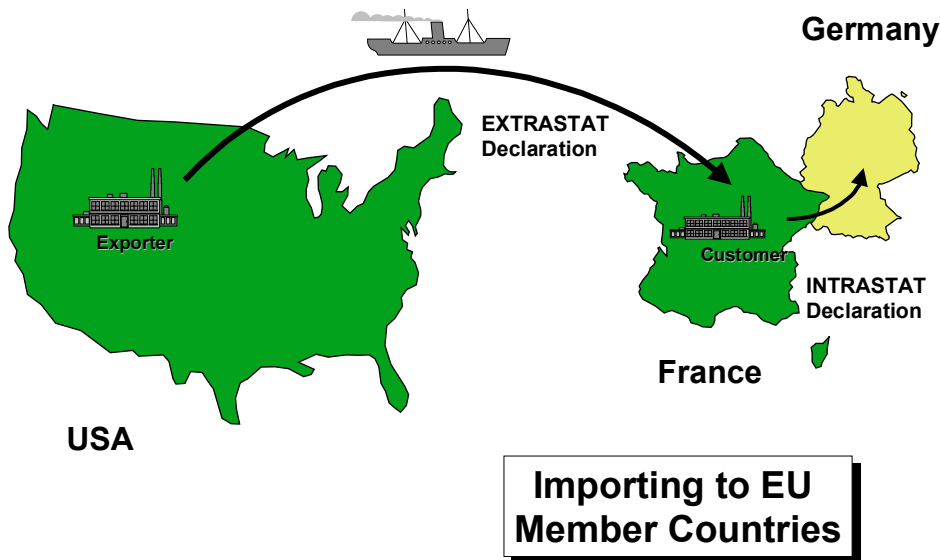
## Scenario - Importing to a Member Country of a Customs Union

### Purpose

This scenario describes the processes involved in importing goods into a country that is a member of a customs union. (See *Trade within a Customs Union* in [The Situation Within Your Own Country \[Page 9\]](#))



As an example, we discuss importing merchandise from the USA into France, a member country of the European Union (EU).



### Considerations

#### Preferential Treatment

If the products or a part of the products you import qualify as originating in your country, they may qualify for preference. When you import goods that qualify for preference, you pay little or no customs duties.



For example, if your company is located in the European Union and you exported raw or semi-finished materials to be used for manufacturing products in another country and those materials are returned to your country, they may qualify for

## Scenario - Importing to a Member Country of a Customs Union

preference when you import them. Therefore, you may not have to pay customs duties on such goods.

In the SAP System, preference determination is a 2-step process - the first step determines whether a product is authorized for preference handling - the second step calculates the actual preference price.

### General System of Preferences

The EU's general system of preferences (GSP) for developing countries boosts the development of trade and is based on trade concessions granted autonomously by industrialized nations.

The GSP permits Latin American and Asian countries to export goods to the European Union at lower than normal duty rates for manufactured goods and processed agricultural products. This program is also offered to promote the ideals of the European Union in the developing world.

**See also:**

[Preference \[Ext.\]](#)

### EXTRASTAT declarations

The extra-European Union trade statistics (EXTRASTAT) declaration for imports and exports is a monthly declaration that provides EU authorities with statistics on trade between EU member states and non-EU countries (for example, trade between Italy and Brazil).

This declaration helps keep track of commodities that are transferred into or out of the European Union. (See [Periodic Declarations \[Ext.\]](#) and [Creation of Periodic Declarations \[Ext.\]](#)).

## Import Process

More than one scenario is possible for this import process depending upon the disposition of goods once they arrive in a customs union. As examples in the scenarios below, we use the import of goods from the USA to France. In Scenarios II and III below, the process explains what must be done to transfer the same merchandise as **domestic goods** from France on to Germany (Scenario II) or in-bond as **foreign goods** from France to Germany (Scenario III).

### Scenario I – Import from a Third Country to an EU Member State

The USA is an independent third country with which France – a member of a customs union – has no trade agreement. In this scenario, company F, in France, imports goods from the USA and keeps them in a warehouse for sale at a later date.

1. All procedures and regulations apply that concern [Importing from a Third Country \[Page 13\]](#).
2. Company F must pay customs duties due on the inbound materials within the time required by law. The time required for payment varies from country to country and depends upon the type of customs declaration.
3. Company F must also complete an **EXTRASTAT** declaration for imported goods within the time required by law (usually within 10 to 15 working days in the following month) and file it with the appropriate authorities.

### Scenario II – Import to an EU Member State for Subsequent Dispatch to Another EU Member Country

In this scenario, Company F, in France, imports merchandise from the USA for sale to Company G, in Germany.

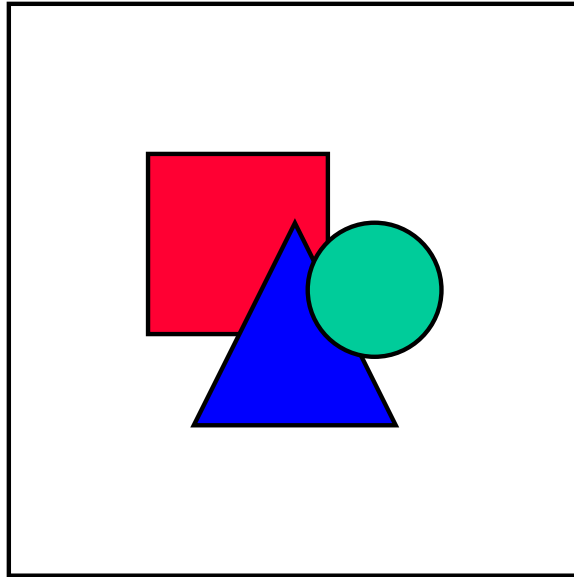
**Scenario - Importing to a Member Country of a Customs Union**

1. Company G must comply with procedures and regulations that apply to [Importing from a Third Country \[Page 13\]](#).
2. In this scenario, once the goods arrive in France, Company F clears the goods through customs and pays import duties (as described in *Scenario I* above) before shipping them to Germany.
3. For the receipt of the goods from the USA, Company F must file an **EXTRASTAT** declaration for imported goods.
4. After shipping the goods to Germany, Company F must file an **INTRASTAT** declaration for **dispatches** within the EU.
5. Company G must also file an **INTRASTAT** declaration for **receipts** within the EU.

**Scenario III – Import to an EU Member State with Forwarding to Another EU Member Country "In-Bond" (Duty Unpaid)**

In this scenario, Company F, in France, imports computer hardware from the USA for sale to Company G, in Germany, but does **not** process the foreign (non-domestic) goods in France through customs. Instead, the goods are forwarded **in-bond, duty unpaid**, to the receiving country. Prior to shipping the foreign merchandise, the goods may be kept for a period of time in a [foreign trade zone \[Ext.\]](#) or a [bonded warehouse \[Ext.\]](#).

1. In this case, once the merchandise arrives in France from the USA, Company F must first declare the goods for transport "in-bond" by completing a **T1 document**. Afterwards, Company F forwards the foreign merchandise along with the T1 document to Company G.

**Scenario - Importing to a Member Country of a Customs Union**

The T1 document is used as a declaration for transporting non-domestic goods between two locations (in-bond) within the EU customs territory. This applies not only to two countries within the EU, but also between a port and an inland city where the customs procedures will be completed (for example, to transport goods from the port in Hamburg, Germany, to Frankfurt). Since customs inspections may take place anywhere along the route, the T1 document must always accompany the goods.

2. Company G must then comply with procedures and regulations that apply to [Importing from a Third Country \[Page 13\]](#), that is, from the USA to Germany and clear the goods through customs in Germany.
3. Company G must file an EXTRASTAT declaration based on the T1 document for the import of merchandise from the USA to Germany and pay customs duties owed for the merchandise.

**See also:**

[Single Administrative Document for Europe \(FEEX\) \[Ext.\]](#)

[Goods Movement Certificate EUR.1 for Europe \(FEEU\) \[Ext.\]](#)

[T2 Document for Europe \(FET2\) \[Ext.\]](#)

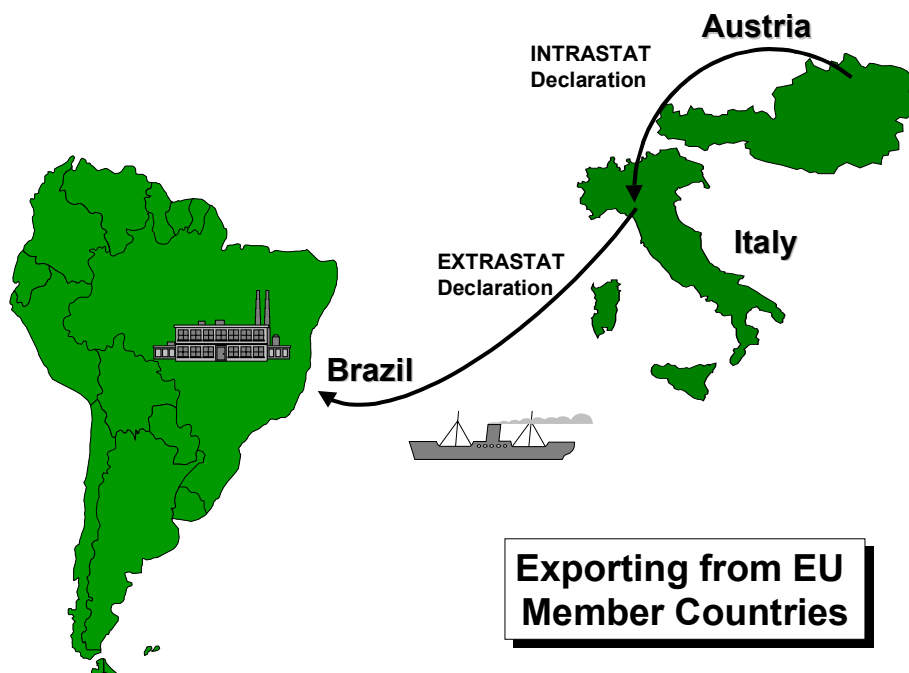
[T5 Document for Europe \(FET5\) \[Ext.\]](#)

## Scenario - Exporting from a Customs Union

### Purpose

This scenario describes the process and considerations involved in exports and imports when a member state of a customs union trades with a third country. (See [The Situation Within Your Own Country \[Page 9\]](#)). In this scenario, we use the European Union (EU) as an example.

Trade between member nations of a customs union involves the **arrival** and **dispatch** of goods. Transfers to a location outside a customs union are referred to as **exports** and transfers into a customs union are referred to as **imports**.



### Considerations

Exporting from member nations of a customs union to non-member countries generally carries with it the same rules and regulations for exporting from a third country to another country (see [Scenario - Exporting to a Third Country \[Page 24\]](#)), however, there are some additional considerations when trading with countries outside of a customs union. These are discussed briefly below.

#### EXTRASTAT declarations

The extra-European Union trade statistics (EXTRASTAT) declaration for imports and exports is a monthly declaration that provides EU authorities with statistics on trade between EU member states and non-EU countries (for example, trade between Italy and Brazil).

This declaration helps keep track of commodities that are transferred out of the European Union. (See [Periodic Declarations \[Ext.\]](#) and [Creation of Periodic Declarations \[Ext.\]](#)).

## Scenario - Exporting from a Customs Union

### CAP Restitution, Imports and Exports Outside the EU

The Common Agricultural Policy (CAP) in the EU controls both the import and export of most agricultural goods into and out of the community. These regulations protect farming within the EU from cheap imports from third countries. This guarantees the permanent supply of basic food products for the European population and prevents dependence on other countries for the supply of food. To some extent, CAP guarantees the supply of an appropriate quantity of community products to the European market, free of customs duties. Quotas and customs duties also help to restrict the import of goods from third countries. Furthermore, importers must be granted licenses by the national authorities of the relevant EU state.

Fixed prices have been set for certain goods, which are normally higher than the natural trading price on the world market. Price fixing causes problems for those who want to export agricultural goods from the EU to third countries at a price that will cover their costs. To compensate exporters for the difference in the fixed price in the member states and the lower world market price, the EU guarantees export **restitution** under certain conditions. Under the CAP in the EU, exporters are refunded the difference between the EU fixed price and the world market price when they export market-regulated goods.

There is a similar regulation in the USA regarding agricultural exports.

### Printing Export Documents

Exporters are required to provide all necessary documentation to accompany exported merchandise to its destination. Using the SAP Foreign Trade (FT) application, you can print the following paper documents for the EU:

- [Single Administrative Document \(SAD\) \[Ext.\]](#)
- [Goods Movement Certificate EUR.1 for Europe \[Ext.\]](#)
- [T1 Document for Europe \[Ext.\]](#)
- [T2 Document for Europe \[Ext.\]](#)
- [T5 Document for Europe \[Ext.\]](#)
- [ATR Preference Document for Turkey \[Ext.\]](#)

**See also:**

[Communication / Printing \[Ext.\]](#)

[Printing Export Documents in Foreign Trade \[Ext.\]](#)

[Output in Foreign Trade \[Ext.\]](#)

## Process

### Scenario I – Export from an EU Member State to an Independent Third Country

For this scenario, Italy – a member of the European Union – intends to export merchandise to Brazil, a country with which Italy has no trade agreement. In this scenario, company I in Italy exports goods to Company B in Brazil.

4. All procedures and regulations apply that concern [exporting to a third country \[Page 24\]](#).
5. Company B pays customs duties due on the inbound materials.



**Scenario - Exporting from a Customs Union**

6. Company I completes an EXTRASTAT declaration for exported goods within the time required by law (usually within 10 to 15 working days in the following month) and send it the appropriate EU authorities.

**Scenario II – Dispatch from an EU Member State to another EU Member for Subsequent Sale and Export to a Third Country**

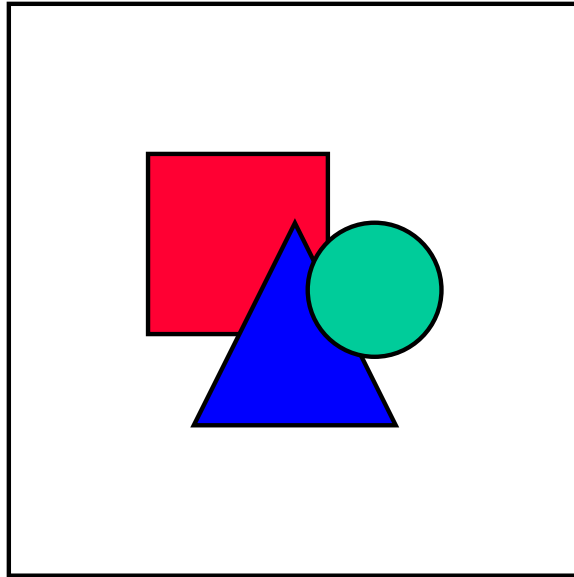
In this scenario, Company I, in Italy, purchases merchandise from Company A, in Austria, and then exports it to Company B, in Brazil.

1. In this case, Company A ships the merchandise to Company I and completes an INTRASTAT declaration for dispatch.
2. Company I must comply with procedures and regulations, such as licensing requirements, that apply to [exporting to a third country \[Page 24\]](#).
3. Company I must file an INTRASTAT declaration for a receipt within the EU.
4. Company I must also file an EXTRASTAT declaration for the export of merchandise to Brazil.

**Scenario III – In-Bond (Duty Unpaid) Dispatch from an EU Member State to another EU Member State for Export to a Third Country**

In this scenario, goods originating in Austria are shipped **in-bond, duty unpaid**, to a freight forwarder in Italy and from there to Brazil. Export processing for these goods takes place in Austria and not in the country where the shipping port is located.

6. In this case, Company A, in Austria, first ships the merchandise to the freight forwarder (Company I) in Italy and completes an EXTRASTAT declaration for dispatch to Italy.
7. Company A must also complete a **T1 document** for transporting foreign merchandise in bond in the EU.

**Scenario - Exporting from a Customs Union**

The T1 document is used as a declaration for transporting duty unpaid goods between two locations (in-bond) within the EU customs territory. This applies not only to two countries within the EU, but also between a port and an inland city where the customs procedures will be completed (for example, to transport goods from the port in Hamburg, Germany, to Frankfurt). Since customs inspections may take place anywhere along the route, the T1 document must always accompany the goods.

8. Additionally, Company A must file an EXTRASTAT declaration for the export of merchandise to Brazil and comply with procedures and regulations, such as licensing requirements, that apply to [exporting to a third country \[Page 24\]](#).
9. Company I in Italy receives the goods from Austria into a [foreign trade zone \[Ext.\]](#) or a [bonded warehouse \[Ext.\]](#). The time limit for storage of foreign goods in a bonded warehouse varies from country to country.

**Exception**

When goods are transported through Switzerland a T2 document is required.

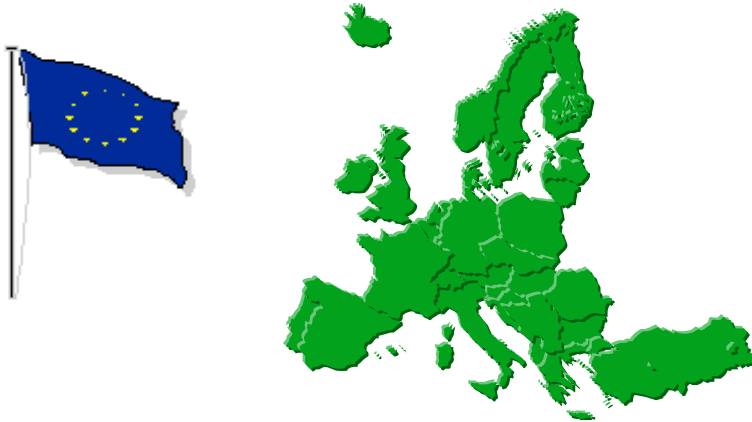
**See also:**

[Scenario - Importing to a Member Country of a Customs Union \[Page 35\]](#)

## Scenario - Trade within a Customs Union

### Purpose

This scenario describes the considerations and process involved in receiving and dispatching goods between countries that are members of a customs union. For this scenario, we use the European Union (EU) as an example. (See [The Situation Within Your Own Country \[Page 9\]](#)).



### Considerations

In a customs union, trade barriers are either reduced significantly or eliminated altogether. Title II of the Maastricht Treaty, Article 3a, stipulates that one of the primary activities of the European Union (EU) is to eliminate customs duties and restrictions on the import and export of goods between member states. However, there are some stipulations regarding the free trade of goods between EU member nations.

#### INTRASTAT Declarations

The intra-European Union trade statistics (INTRASTAT) declaration for arrivals and dispatches is a monthly declaration that provides EU authorities with statistics on foreign trade between European Union member states (for example, between Germany and France) when a monetary threshold is exceeded during the previous or current year.

Even though internal tariffs have been eliminated for trade within the EU, the authorities keep statistical records to assess international competitiveness, keep track of each region's dependency on arrivals and dispatches, and monitor price changes within EU borders.

**See also:**

[INTRASTAT Declarations \[Ext.\]](#)

### Process

#### Transfer of Domestic Goods between EU Member States

Since trade barriers have been removed within the European Union, there are no restrictions on trade between EU member states. That means that domestic goods can be transferred between member states freely with only one stipulation – an INTRASTAT declaration must be filed with the responsible authorities for statistical purposes.

## Scenario - Trade within a Customs Union



The SAP process involved is the same as that required for normal goods issues and goods receipts.

Although goods may be moved freely between member states in the EU, legal barriers, such as restrictions on the transfer of arms, must still be adhered to.

## Documents Required for Transfer of Goods within the EU

In some instances documentation is required for shipping goods between member states of the European Union. For example, the Single Administrative Document (SAD) is sometimes required for both external and internal trade. For an explanation of these documents, see the list below.

### Transfer of Non-domestic (Foreign) Goods between EU Member States

Documentation is required when dutiable goods enter the EU from an independent country and are not cleared through customs in the country of arrival. For example, such goods may be imported to an EU member state and then transferred **in-bond** to another EU member state. For such transfers, the use of a **T1 document** is necessary. Generally, customs processing then takes place in the country of final destination.

#### See also:

[Single Administrative Document for Europe \[Ext.\]](#)

[Goods Movement Certificate EUR.1 for Europe \[Ext.\]](#)

[T1 Document for Europe \[Ext.\]](#)

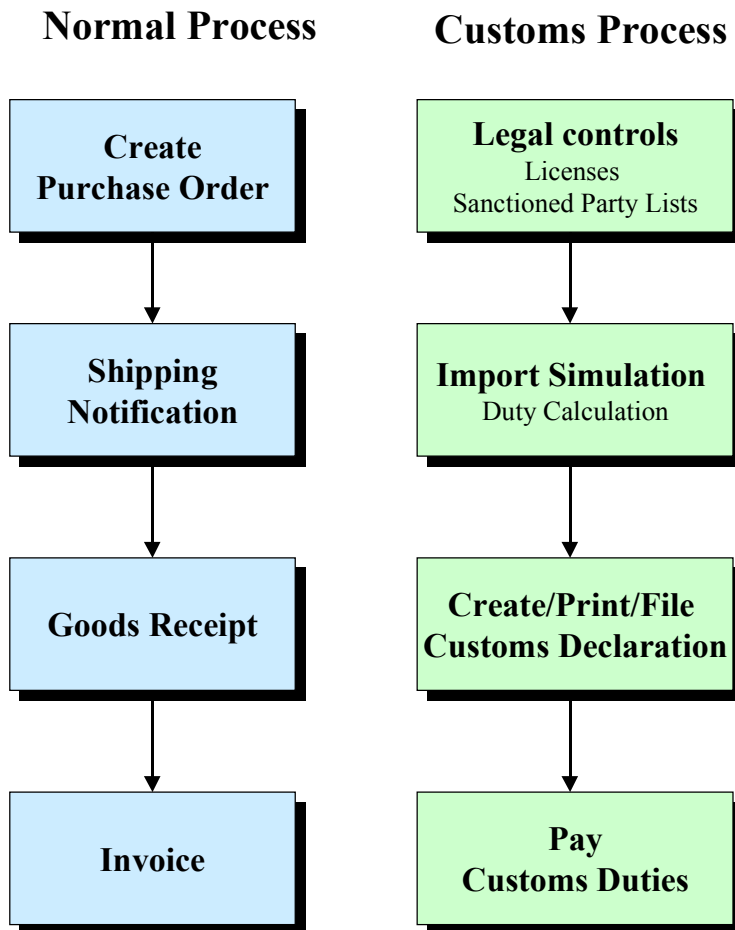
[T2 Document for Europe \[Ext.\]](#)

[T5 Document for Europe \[Ext.\]](#)

[ATR Preference Document for Turkey \[Ext.\]](#)

## Foreign Trade: Inbound Processing in the SAP System

# Import Process



### Purpose

This topic discusses the role of the SAP Foreign Trade (FT) application component during the **inward movement** of goods, that is, the movement of goods into your country or customs territory. In FT, goods received from a member nation within a customs union are referred to as an **arrival** or a **receipt**. The receipt of goods from a country that is not a member of the same customs union or territory is referred to as an **import**.

## Foreign Trade: Inbound Processing in the SAP System

### Business Scenario

This scenario is intended to provide a step-by-step process to explain what users must do in the SAP system to import goods from a country outside of their customs territory. It particularly pertains to users who are responsible for import and export processing within a company, who must ensure that all the data for this function is complete and correct.

### Prerequisites

1. **Customizing:** Ensure that the *Customizing* entries for Foreign Trade (FT) are complete. See [Checklist for Customizing FT Master Data \[Ext.\]](#).
2. **Master data:** Ensure that all data relevant to foreign trade (FT) is complete in master records. See [Foreign Trade Data in Master Records \[Ext.\]](#). You can create, view and maintain the master records from the *Master data* section of the [Foreign Trade Cockpit \[Ext.\]](#).

### Process Flow

The following steps include the actual transactions that must be carried out in the SAP System when an import or receipt is handled for a business.

For information about the Import process, see [Scenario - Exporting to a Third Country \[Page 24\]](#).

1. **Purchase Order:** Once you have received a quotation from your vendor, you create a purchase order based on the quotation. To create a purchase order from the SAP standard menu, choose *Logistics* → *Materials management* → *Purchasing* → *Purchase order* → *Create* and the appropriate entry.

Data relevant to Foreign Trade is maintained in the header of the purchase order. You can retrieve existing purchase orders and check them for completeness from the *Import* section of the [Strategic Cockpit \[Ext.\]](#).

FT data to be maintained in the purchase order header is listed in [Foreign Trade Data in Purchasing Documents \[Page 48\]](#).



When you create a purchase order to import merchandise, if the header data or item data is incomplete, the system automatically branches to the header or item screen respectively.

2. **Inbound Delivery:** Create an inbound delivery for the purchase order. This document contains information about the means of transport, delivery date and time. To create an inbound delivery, from the SAP standard menu, choose *Materials Management* → *Purchasing* → *Purchase order* → *Inbound delivery* → *Create*.  
FT data to be maintained in the inbound delivery header is listed in [Foreign Trade Data in Purchasing Documents \[Page 48\]](#).
3. **Goods receipt:** Once the goods arrive, you post a goods receipt from the *Purchasing* menu by selecting *Purchase order* → *Follow-on functions* → *Goods receipt* or from the SAP standard menu, choose *Materials Management* → *Inventory Management* → *Goods Movement* → *Goods Receipt* → *For Purchase Order* → *PO Number Known*. You can also change import data in the Goods Receipt.
4. **Invoice:** When the vendor sends you his invoice, you verify the invoice from the *Purchasing* menu by selecting *Purchase order* → *Follow-on functions* → *Invoice verification* or from the

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**Foreign Trade: Inbound Processing in the SAP System**

SAP standard menu, choose *Logistics* → *Materials Management* → *Invoice Verification* → *Invoice Verification* → *Further processing*.

**Foreign Trade System Processes**

When you execute the process steps listed above, if you have set up the FT system properly, it will automatically check much of the necessary foreign trade data to ensure that it is correctly entered into each of the associated documents. Other tasks associated with trading goods with foreign countries are listed below.

**Import Simulation and Duty Calculation**

Using the [Import Simulation \[Page 57\]](#) task, you can display information on the preference situation, the required verification documents and certificates, and the duties that customs authorities will levy.

**Printing/Filing Declarations**

For information about creating, printing and transmitting required import declarations, see [Periodic Declarations \[Ext.\]](#) and [Communications/Printing \[Ext.\]](#).

**See also:**

- [Documentary Payments \(letters of credit\) \[Ext.\]](#)
- [Preference \[Ext.\]](#)
- [Scenario - Importing from a Third Country \[Page 13\]](#)

## Foreign Trade Data in Purchasing Documents

## Foreign Trade Data in Purchasing Documents

### Definition

Data that describes the import or arrival characteristics of a purchasing transaction.

### Structure

Foreign trade data appears at the header and in the items themselves in purchase orders and shipping notifications (inbound deliveries). The vendor master records, material master records and purchasing info records propose this data.

### Foreign Trade Data in Purchase Order, Shipping Notification and Goods Receipt Headers

Data	Description	Comments
FT/Customs data	<ul style="list-style-type: none"> <li>Mode of transport The technical customs term describing the type of transport (for example, see or air transport) used to take the goods across a national border</li> <li>Office of entry The key for the border customs office where the goods are unloaded from the mode of transport used for crossing the border</li> </ul>	<p>The system determines this data from the vendor master and uses it as a default value in the purchase order, shipping notification and goods receipt.</p> <p>Configuration for this activity is required in <i>Customizing</i> table 617.</p>
Partner data	<ul style="list-style-type: none"> <li>Vendor The vendor key</li> <li>Delivery vendor</li> <li>Country key The vendor country key</li> </ul>	<p>The system copies this data from the purchase order to the shipping notification and goods receipt.</p>

### Foreign Trade Data in Purchase Order, Advance Shipping Notification and Goods Receipt Items

Data	Description	Comments
------	-------------	----------



Foreign Trade Data in Purchasing Documents

Material data	<ul style="list-style-type: none"> <li>Material The material key for the item</li> <li>Description A description of the item</li> <li>Commodity/Import code</li> <li>Weight and volume</li> </ul>	The system copies this data from the material master record.
Origin	<ul style="list-style-type: none"> <li>The goods' country of origin</li> <li>The good's country and region of destination</li> </ul>	<p>The system copies the country of origin from the purchasing info record as a default value.</p> <p>It copies the country and region of destination from the ordering plant.</p>
Transaction	<ul style="list-style-type: none"> <li>Import procedure The procedure by which the goods being imported are declared to customs. This is copied from the purchasing info record.</li> <li>Transaction type The classification of the type of transaction contract</li> <li>Incoterms</li> </ul>	With the appropriate settings in Customizing, the system determines the transaction type automatically based on criteria like the importing country or the item category. The system then copies the data to the purchase order.
Value	<ul style="list-style-type: none"> <li>Statistical value The untaxed value of the goods, including transportation and insurance costs that arise in the importer's country</li> </ul>	The system calculates the statistical values in pricing in the purchase orders.
Other customs data	<ul style="list-style-type: none"> <li>Customs quota</li> <li>CAS number</li> <li>Manufacturer number</li> <li>Anti-dumping code</li> <li>Preference rates</li> </ul>	The system uses this data to calculate import duties to be levied.

## Maintenance of FT Data in Purchasing Documents

## Maintenance of FT Data in Purchasing Documents

### Use

This function describes the maintenance of foreign trade data required for importing merchandise in purchase orders and shipping notifications (inbound deliveries).


### Activities



To change or display a purchase order from the SAP standard menu, choose *Logistics* → *Materials Management* → *Purchasing* → *Purchase Order* → *Change* or *Display*.

To change or display an inbound delivery (advanced shipping notification) from the SAP standard menu, choose *Logistics* → *Materials Management* → *Purchasing* → *Purchase Order* → *Inbound Delivery* → *Change* or *Display*.



To change or display a goods receipt from the SAP standard menu, choose *Logistics* → *Materials Management* → *Inventory Management* → *Material Document* → *Change* or *Display*.

You can retrieve and check a list of existing purchase orders for completeness from the *Import* section of the [Operative Cockpit \[Ext.\]](#). For this procedure, see [Scenario - Daily Import Operations \[Page 52\]](#).

To check a single purchase order for completeness choose the *Individual Maintenance* tab in the [General Foreign Trade Processing Cockpit \[Ext.\]](#). From this cockpit, in the *Item Overview* section of a purchase order, you can simulate an import to check and maintain foreign trade data completeness by choosing  *Import Simulation*.

To maintain data in	Menu path in document	You should know
The purchase order header	In the purchase order header, choose the <i>Address</i> and <i>Import</i> tabs	You can display all foreign trade data in the purchase order header easily from the <a href="#">General Foreign Trade Processing Cockpit [Ext.]</a> under <i>Individual Maintenance</i> . To display the <b>incompletion log</b> for FT data in the header, choose  <i>Log of Incomplete Items</i> .
A purchase order item	In the purchase order, select the item in the <i>Item Overview</i> section. In the <i>Item</i> section at the bottom of the screen, choose the <i>Quantities/Weights, Delivery, Delivery address</i> and <i>Import</i> tabs	You can display a log of all incomplete FT data in the purchase order item easily from the <a href="#">General Foreign Trade Processing Cockpit [Ext.]</a> by choosing  <i>Log of Incomplete Items</i> .

Maintenance of FT Data in Purchasing Documents

<p>The inbound delivery (shipping notification) header</p>	<p>In the inbound delivery, choose <i>Goto</i> → <i>Header</i> → <i>Foreign Trade / Customs</i></p>	<p>To check whether the foreign trade data in the header is complete, choose  <i>Incompleteness analysis</i>.</p>
<p>An inbound delivery item</p>	<p>In the inbound delivery, select an item and choose <i>Goto</i> → <i>Item</i> → <i>Foreign Trade / Customs</i></p>	<p>Choose  <i>Incompleteness analysis</i> to determine whether all foreign trade data is complete in an inbound delivery item.</p>

## Scenario - Daily Import Operations

## Scenario - Daily Import Operations

### Purpose

You can use the *Operative Cockpit* on a regular basis to ensure that customs data is complete and correct in both export and import documents. This scenario describes the use of Foreign Trade's *Operative Cockpit* for daily import operations.

To use this task for import operations, you can select purchase orders and goods receipts for display and further processing. If data in these documents is incorrect or incomplete, you can immediately modify it from this function.

To go to the "Operative Cockpit" from the SAP standard menu, choose *Logistics* → *Sales and Distribution (or Materials Management)* → *Foreign Trade/Customs* → *General Foreign Trade Processing* → [Cockpit - General Foreign Trade Processing \[Ext.\]](#). The system defaults to the *Operative Cockpit* tab. Two additional tabs – *Strategic Cockpit* and *Individual Maintenance* – provide functions for journal reports and individual processing of MM and SD documents.



### Procedure – Optimizing the Use of the Operative Cockpit

As an example for this scenario, we describe the optimal method that can be used to process import purchase orders. We begin in the *Import* section of the *Operative Cockpit* using a variant to retrieve data. Since the *Operative Cockpit* is intended for use as a "working tool", you should generally [design variants \[Page 71\]](#) to select documents for a short time period only.


1. Enter a variant in the *Plan* field and choose .

The system displays the overall status of the documents concerned based on the selection criteria in the variant.

#### Status of Foreign Trade Data

	Foreign Trade data is incomplete.
	Foreign Trade data is complete.


If the status light is green, no further processing in the cockpit is necessary. If the light is red, data is either incomplete or incorrect and some or all of the documents must be modified. If the light is red, continue with the next step.


2. To modify the documents in error, choose  (*Process import purchase order*).

The system generates a tree on the left side of the screen with a list of the documents and their status.

You can widen the tree section to display the country from which the goods are imported, the designator and name of the partner, the date and the document type.

3. Select the document you want to process from the tree.

The system displays it on the right side of the screen. You can choose  to hide the tree while you are processing a document.

4. If data is missing in the header, for example, to modify the header data, open the purchase order header and choose  to display a list of errors.

Double click on the *Incompletion Log* description text to go directly to the problem area.

5. Once the data has been corrected, save the document to the database.

## Individual Maintenance

The *Individual Maintenance* tab in the [General Foreign Trade Processing Cockpit \[Ext.\]](#) provides functions that allow you to process individual MM and SD documents.



For example, if the person responsible for processing documents for correct foreign trade data receives a list of purchase orders, he or she can directly enter each purchasing document number into the system and check it for completeness and accuracy using this function.

Once you have entered the purchase order or material document number, the procedure is basically the same as the last two steps above.

## Using the Foreign Trade Import/Export Journals

# Using the Foreign Trade Import/Export Journals

## Use

You can use the Foreign Trade *Strategic Cockpit Journal* functions to display and analyze both import and export documents in R/3.


For example, you can display data lists and analytical graphs for

- Purchase orders
- Goods receipts
- Export billing documents

To go to the "Strategic Cockpit" from the SAP standard menu, choose *Logistics* → *Sales and Distribution (or Materials Management)* → *Foreign Trade/Customs* → *General Foreign Trade Processing* → *Cockpit - General Foreign Trade Processing*. The system defaults to the *Operative Cockpit* tab. Click on the *Strategic Cockpit* tab for the journal report tasks.

## Procedure

As an example, we will describe how to list all import purchase orders processed during the past month. As in the Operative Cockpit, you can also [define variants \[Page 71\]](#) for use in the *Strategic Cockpit*. For this procedure, no variant is used.

6. Under *Import Journal*, choose  next to the empty *Plan* field.




The system displays the selection criteria screen.

7. Enter the country of departure, the vendor (optional), the plant and/or movement type and a posting date range that reflects the past month (for example, from 1 to 31 March).

Choose *Execute*.

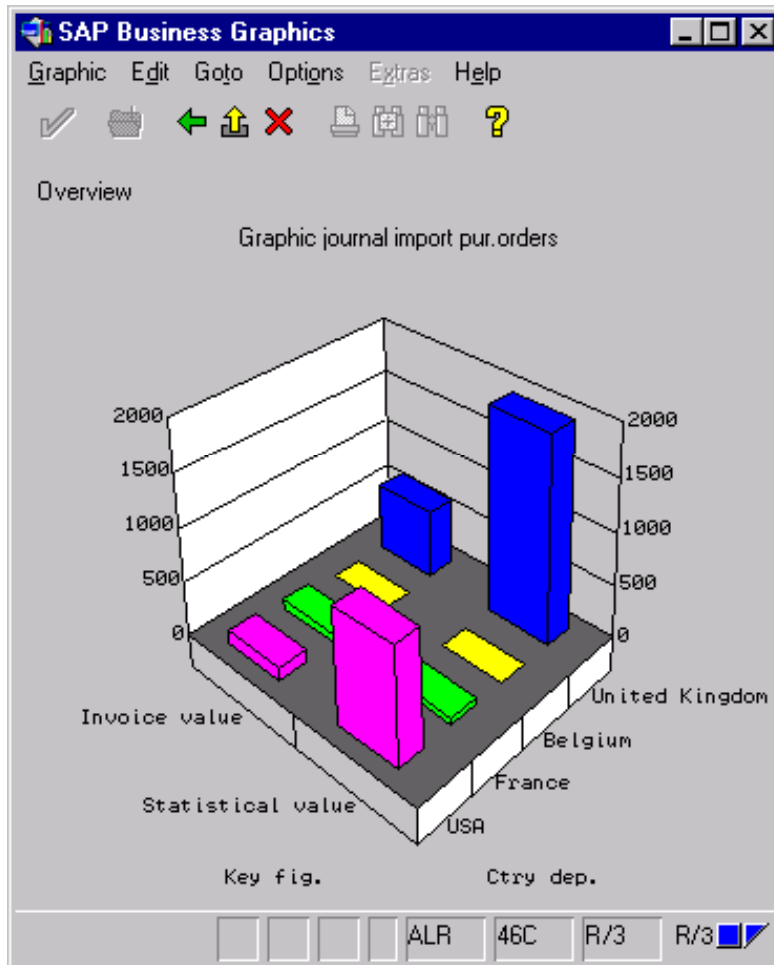
The system displays the documents selected in a list.

### From this list, you can execute several additional functions for the documents displayed:

8. To save the information to your hard drive, choose *List* → *Export* → *Local file*.
9. To display the sum of the statistical value of the items listed, position the cursor on *Stat. value* in the header row and choose .
10. To display the address and other information about a vendor, position the cursor on the vendor's name and choose .
11. To display a graphic for an analysis of the documents listed, choose .

The system displays a dialog box from which you can select parameters for the graphic display. A sample graphic for import purchase orders is shown below.

## Using the Foreign Trade Import/Export Journals



### Tips and Tricks

- To display all documents received from a particular vendor during the past month, enter only the vendor's name and the document date range in the selection criteria screen.
- To display documents received from all countries, enter AA to ZZ in the *Country* field of the selection criteria screen.

## Using Variants


# Using Variants

## Use

Variants provide a means to use the same selection criteria repeatedly. When you define a variant, you can save it using a variant name and there is no need to reenter the same selection criteria each time you execute a program.


## Procedure

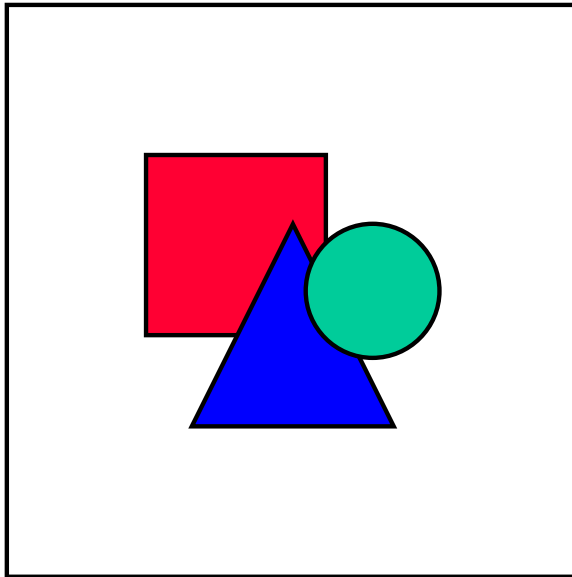
### To select and use an existing variant

1. Position the cursor in a blank entry field (for example, in the *General Foreign Trade Processing Cockpit*) and click on the right side of the entry field.
2. Select an existing variant from the scroll list. (If you know the name of the variant you want to use, you can enter it directly in this field.)
3. Choose  immediately to the right of the variant field.

The system executes the corresponding report with this variant.

### To define your own variant

1. Choose  immediately to the right of an **empty** variant field.  
The system goes directly to the selection criteria screen.
2. Enter selection criteria on the screen that you plan to use frequently.



If the system detects a possible lengthy run time to execute the program, a message to that effect will be displayed requiring you to enter more selection criteria.

3. Save the variant to the database.



## Import Simulation

### Use

This function indicates the documentation and customs duty required to import a material. It also describes the preference requirements for the import transaction and lists the customs authorities involved in the transaction.

### Prerequisites

To use this function, import code numbers must already be loaded into the system. See [Loading of Commodity Codes and Import Code Numbers \[Ext.\]](#).

You must also maintain the following tables in *Customizing*:

- In *Customizing for Sales and Distribution → Foreign Trade/Customs*:
  - *Basic Data for Foreign Trade → Length of Commodity Code/Import Code Number*
  - *Basic Data for Foreign Trade → Define Commodity Codes/Import Code Numbers By Country*
  - *Specific Data for Import*
  - *Official Documents/Certificates/Verifications/Cust. Approvals*
- In *Customizing for Materials Management, Purchasing → Conditions → Define Price Determination Process*

### Features

From the import simulation, you can display pricing conditions to view details on how the system calculates the import transaction's duty. You can also view a log that displays additional information about the import transaction (for example, quotas and tax exemptions).

#### See also:

[Simulating an Import Transaction \[Page 58\]](#)


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**Simulating an Import Transaction**

## Simulating an Import Transaction

1. From the SAP standard menu, choose *Logistics* → *Sales and Distribution* → *Foreign Trade/Customs* → *Data service* → *Service* → *Simulation* → *Simulate import*.
2. Enter the required data about the import transaction.
3. Choose *Execute*.



Additionally, you can simulate an import transaction from the [Foreign Trade Data Service Cockpit \[Ext.\]](#). Choose  *Import Simulation* from the *Simulation* section.

You can also perform import simulation from the *Import Goods Receipts* material document display screen of the *Operative Cockpit* and from the *Individual Maintenance* tab of the [General Foreign Trade Processing Cockpit \[Ext.\]](#).

## Result

The system determines and displays information about the following customs data

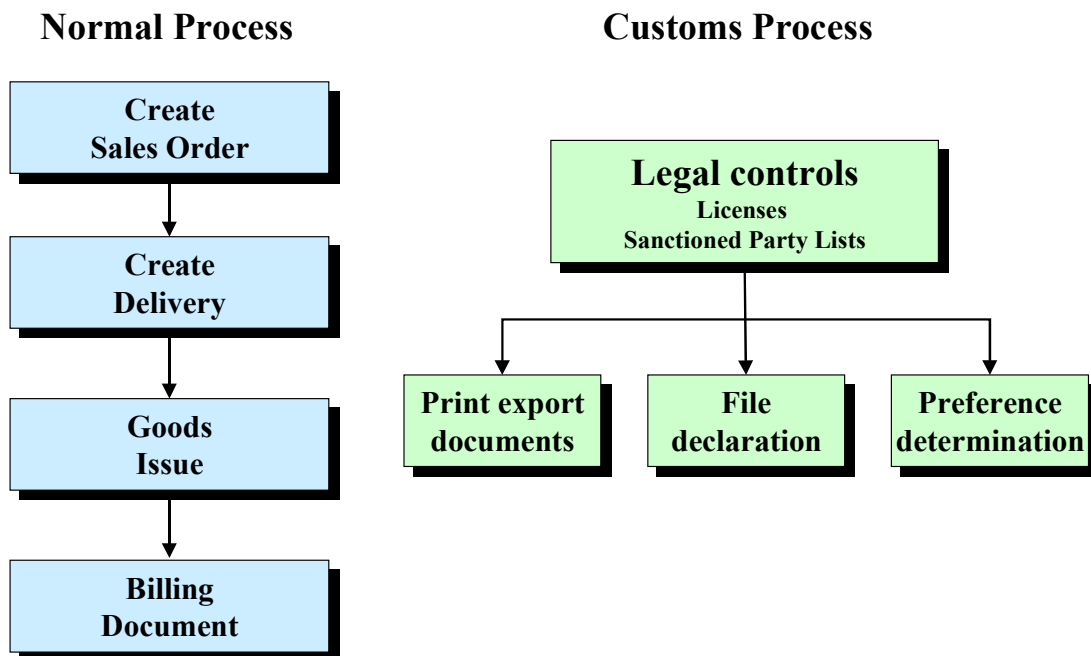
- Customs codes and product allocation
- Duties to be levied by customs authorities
- Pharmaceutical products (CAS number)
- Customs exemptions
- Preferences
- Anti-dumping
- Verification documents and certificates

To view further log data, choose *Goto* → *Log*.

To view pricing details, choose *Goto* → *Pricing*.

## Foreign Trade: Outbound Processing in the SAP System

# Export Process



## Purpose

This topic discusses the role of the SAP Foreign Trade (FT) application component during the **outbound movement** of goods, that is, the movement of goods from your country to another country or customs territory. In FT, when goods are sent to a member nation within a customs union or territory it is referred to as a **dispatch**. The transfer of goods to a country outside of a customs union or territory is referred to as an **export**.

## Business Scenario

This scenario is intended to provide a step-by-step process to explain what users must do in the SAP system to export goods to a foreign country. It particularly pertains to users who are responsible for import and export processing within a company, who must ensure that foreign trade data for this function is complete and correct.

## Prerequisites

1. **Customizing:** Ensure that the *Customizing* entries for Foreign Trade (FT) are complete. See [Checklist for Customizing FT Master Data \[Ext.\]](#).
2. **Master data:** Ensure that all data relevant to foreign trade (FT) is complete in master records. See [Foreign Trade Data in Master Records \[Ext.\]](#). You can create, view and

## Foreign Trade: Outbound Processing in the SAP System

maintain the master records from the *Master data* section of the [General Foreign Trade Processing Cockpit \[Ext.\]](#).

### Process Flow

The following steps include the actual transactions that must be carried out in the SAP System when an export or dispatch is handled for a business.

For information about the export process, see [Scenario - Exporting to a Third Country \[Page 24\]](#).

5. **Sales Order:** Once you have received a purchase order from your customer, you create a sales order based on the purchase order. To create a sales order from the SAP standard menu, choose *Logistics* → *Sales and Distribution* → *Sales* → *Sales order* → *Create*.

Data relevant to Foreign Trade is maintained in the delivery and invoice headers. You can retrieve existing sales orders and check them for completeness from the *Export* section of the [Operative Cockpit \[Ext.\]](#).

6. **Delivery:** Create an outbound delivery for the sales order. This document contains information about the means of transport, delivery date and time. To create an outbound delivery from the SAP standard menu, choose *Logistics* → *Sales and Distribution* → *Shipping and Transportation* → *Outbound delivery* → *Create* → *Single document* → *With Reference to Sales Order*.

FT data to be maintained in the outbound delivery header or line item is listed in [Foreign Trade Data in SD Documents \[Page 62\]](#).

7. **Goods Issue:** Once the goods are available you post a goods issue. From the SAP standard menu, choose *Sales and Distribution* → *Shipping* → *Goods Movement* → *Goods Issue* → *For Sales Order* → *Number Known*. You can also change foreign trade data in the goods issue.
8. **Billing Document:** When you send your invoice to the customer, the export documents are created based on the data in the invoice.

### Foreign Trade System Processes

When you execute the process steps listed above, if you have set up the FT system properly, it will automatically check much of the necessary foreign trade data to ensure that it is correctly entered into each of the associated documents. Other tasks associated with foreign trade are listed below.

#### Legal Controls

From the [Legal Control Cockpit \[Ext.\]](#), you can create license master records (if required), assign licenses to documents, and carry out other necessary activities associated with legal regulations. See also [Legal Control \[Ext.\]](#).

#### Export Simulation

When you use the *Export Simulation* task, the system indicates whether an export transaction is permitted by law in the exporting country. It also simulates both embargo and boycott list checks. For more information, see [Legal Control Simulation \[Ext.\]](#).

#### Printing/Filing Declarations

For information about creating, printing and transmitting required import declarations, see [Periodic Declarations \[Ext.\]](#) and [Communication/Printing \[Ext.\]](#).

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Foreign Trade: Outbound Processing in the SAP System

**See also:**

- [Documentary Payments \(letters of credit\) \[Ext.\]](#)
- [Preference \[Ext.\]](#)
- [Scenario - Exporting to a Third Country \[Page 24\]](#)

## Foreign Trade Data in SD Documents

## Foreign Trade Data in SD Documents

### Definition

Data that describes the export or dispatch characteristics of a sales and distribution (SD) transaction.

### Structure

Foreign trade data appears at the header and item levels in sales orders, outbound deliveries and billing documents. The customer and material master records propose some of this data. The system determines other data based on the route or the item category.

### Foreign Trade Data in SD Document Headers

Data	Description	Comments
Payment guarantee data (sales orders only)	<ul style="list-style-type: none"> <li>Payment guarantee procedure</li> <li>Financial document number</li> </ul>	
Partner data	<ul style="list-style-type: none"> <li>Ship-to party The ship-to party key</li> <li>Country key The ship-to party's country key</li> </ul>	The system copies this data from the sales order.
Customs data (deliveries and billing documents only)	<ul style="list-style-type: none"> <li>Mode of transport The technical customs term describing how (for example, by sea or air) the goods are taken across a national border</li> <li>Office of exit The key for the customs office at the border, where the goods are loaded onto the mode of transport with which they will cross the border</li> <li>Inland (domestic) mode of transport The type of transport used from the delivering plant</li> </ul>	<p>The system determines this data based on the route if the appropriate setting has been maintained in Customizing (Table 617).</p> <p>The system adopts this data as default values in deliveries and billing documents.</p>

Foreign Trade Data in SD Documents

Foreign Trade Data in SD Document Items

Data	Description	Comments
Material data	<ul style="list-style-type: none"> <li>• Material The material key for the delivery item or billing document item</li> <li>• Description A description of the material in the delivery item or billing document item</li> <li>• Batch (only in deliveries of batch-managed materials) The batch number of the delivery item</li> <li>• Commodity code</li> </ul>	The system copies this data from the material master record.
Origin (deliveries and billing documents only)	<ul style="list-style-type: none"> <li>• Country of origin of the merchandise</li> <li>• Region of origin of the merchandise</li> </ul>	The system copies this data as default values from the material master record.
Transaction	<ul style="list-style-type: none"> <li>• Export procedure Standard code that identifies a customs procedure by which the goods in dispatch / export transactions are reported for foreign trade statistics</li> <li>• Business transaction type A specification necessary for declarations to the authorities such as reporting import/export within the EU or the US</li> </ul>	With the appropriate settings in Customizing, the system determines the transaction data automatically based on criteria like the export-import group or the item category. The system then copies the data to the delivery and billing documents.

## Foreign Trade Data in SD Documents

<p>Value (sales orders and billing documents only)</p>	<ul style="list-style-type: none"><li>• Statistical value The value of the goods including transportation and insurance costs that arise in the exporting country</li></ul>	<p>The system calculates the statistical value during Pricing in the underlying sales order and billing document.</p> <p>You can change how the system calculates the statistical value for the item if the billing document has not yet been posted to the <i>Financial Accounting (FI)</i> application component.</p>
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## Maintenance of Foreign Trade Data in SD Documents

### Use

This function enables you to create and change foreign trade data in sales orders, export deliveries, and billing documents.

### Activities



To change or display a **sales order** from the SAP standard menu, choose *Logistics → Sales and Distribution → Sales → Sales Order → Change or Display*.

To change or display an **outbound delivery** from the SAP standard menu, choose *Logistics → Sales and Distribution → Shipping and Transportation → Outbound Delivery → Change or Display*.



To change or display a **billing document** from the SAP standard menu, choose *Logistics → Sales and Distribution → Billing → Billing Document → Change or Display*.

You can retrieve and check a list of existing export deliveries for completeness from the *Export* section of the [Operative Cockpit \[Ext.\]](#). For a description of this procedure, see [Scenario - Daily Export Operations \[Page 67\]](#).

To check a single delivery or billing document for completeness choose the *Individual Maintenance* tab in the [General Foreign Trade Processing Cockpit \[Ext.\]](#).

To maintain data in	Menu path	You should know
The sales order header	In the sales order, choose <i>Goto → Header → Billing</i> to enter delivery and payment terms and risk management data.	You can change the statistical value for an item in a sales order.
A sales order item	In the sales order, select an item. Then choose <i>Goto → Item → Sales A</i> to enter the business transaction type.	
The delivery header	In the delivery choose <i>Goto → Header → Foreign Trade/Customs</i> .	You can display all delivery header data easily from the <a href="#">FT Cockpit [Ext.]</a> under <i>Individual Maintenance</i> . To display the incompleteness log for FT data in the header, choose  <i>Incompleteness analysis</i> .
A delivery item	In the delivery select an item. Then choose <i>Goto → Item → Foreign Trade/Customs</i> .	You can display a log of all incomplete FT data in the delivery item easily from the <a href="#">FT Cockpit [Ext.]</a> under <i>Individual Maintenance</i> by choosing  <i>Incompleteness analysis</i> .

## Maintenance of Foreign Trade Data in SD Documents

The billing document header	In the billing document choose <i>Goto → Header → Foreign Trade/Customs</i> .	You can display all billing header data easily from the <i>FT Cockpit</i> . To display the incompleteness log, choose  <i>Log of Incomplete Items</i> .
A billing document item	In the billing document select an item. Then choose <i>Goto → Item → Foreign Trade item</i> .	You can change the statistical value for an item in a billing document. To display the incompleteness log for FT data in the item choose  <i>Log of Incomplete Items</i> .



- After a delivery has been invoiced, you can no longer change the export data in the delivery.
- After a billing document has been posted to the *Financial Accounting (FI)* application component, you can only change export data in it via the *Individual Maintenance* section of the [FT Cockpit \[Ext.\]](#). In this case, you can only improve the quality of the data pertaining to an invoice, but you cannot reverse existing data or worsen its status.

## Scenario - Daily Export Operations

### Use


You can use the *Operative Cockpit* on a regular basis to ensure that customs data is complete and correct in both export and import documents. This scenario describes the use of Foreign Trade's *Operative Cockpit* for daily export operations.

To use this task for export operations, you can select deliveries and billing documents for display and further processing. If data in these documents is incorrect or incomplete, you can immediately modify it from this function.

To go to the "Operative Cockpit" from the SAP standard menu, choose *Logistics* → *Sales and Distribution (or Materials Management)* → *Foreign Trade/Customs* → *General Foreign Trade Processing* → [Cockpit - General Foreign Trade Processing \[Ext.\]](#). The system defaults to the *Operative Cockpit* tab. Two additional tabs – *Strategic Cockpit* and *Individual Maintenance* – provide functions for journal reports and individual processing of MM and SD documents.



### Procedure - Optimizing the Use of the Operative Cockpit

As an example for this scenario, we describe the optimal method that can be used to process incorrect or incomplete foreign trade data in outbound deliveries. We begin in the *Export* section of the *Operative Cockpit* using a variant to retrieve data. Since the *Operative Cockpit* is intended for use as a "working tool", you should generally [design variants \[Page 71\]](#) to select documents for a short time period only.


12. Enter a variant in the *Plan* field and choose .

The system displays the overall status of the documents concerned based on the selection criteria in the variant.

#### Status of Foreign Trade Data

	Foreign Trade data is incomplete.
	Foreign Trade data is complete.


If the status light is green, no further processing in the cockpit is necessary. If the light is red, data is either incomplete or incorrect and some or all of the documents must be modified. If the light is red, continue with the next step.


13. To modify the documents in error, choose  (*Edit export deliveries*).

The system generates a tree on the left side of the screen with a list of the documents and their status.

You can widen the tree section to display the country from which the goods are imported, the designator and name of the partner, the date and the document type.

14. Select the document you want to process from the tree.

The system displays it on the right side of the screen. You can choose  to hide the tree while you are processing a document.

15. If data is missing in the header, for example, to modify the header data, open the purchase order header and choose  to display a list of errors.

### Scenario - Daily Export Operations

Double click on the *Incompletion Log* description text to go directly to the problem area.

16. Once the data has been corrected, save the document to the database.

If any further documents exist which have incomplete or incorrect data, the system continues to the next such document in the tree.

### Individual Maintenance

The *Individual Maintenance* tab in the [Foreign Trade General Processing Cockpit \[Ext.\]](#) provides functions that allow you to process individual MM and SD documents.



For example, if the person responsible for processing documents for correct foreign trade data receives a list of invoices, he or she can directly enter each billing document number into the system and check it for completeness and accuracy using this function.

Once you have entered the billing document number, the procedure is basically the same as the last two steps above.

## Using the Foreign Trade Import/Export Journals

### Use

You can use the Foreign Trade *Strategic Cockpit Journal* functions to display and analyze both import and export documents in R/3.


For example, you can display data lists and analytical graphs for

- Purchase orders
- Goods receipts
- Export billing documents

To go to the "Strategic Cockpit" from the SAP standard menu, choose *Logistics* → *Sales and Distribution (or Materials Management)* → *Foreign Trade/Customs* → *General Foreign Trade Processing* → *Cockpit - General Foreign Trade Processing*. The system defaults to the *Operative Cockpit* tab. Click on the *Strategic Cockpit* tab for the journal report tasks.

### Procedure

As an example, we will describe how to list all import purchase orders processed during the past month. As in the Operative Cockpit, you can also [define variants \[Page 71\]](#) for use in the *Strategic Cockpit*. For this procedure, no variant is used.

17. Under *Import Journal*, choose  next to the empty *Plan* field.

The system displays the selection criteria screen.


18. Enter the country of departure, the vendor (optional), the plant and/or movement type and a posting date range that reflects the past month (for example, from 1 to 31 March).


Choose *Execute*.

The system displays the documents selected in a list.

**From this list, you can execute several additional functions for the documents displayed:**

19. To save the information to your hard drive, choose *List* → *Export* → *Local file*.

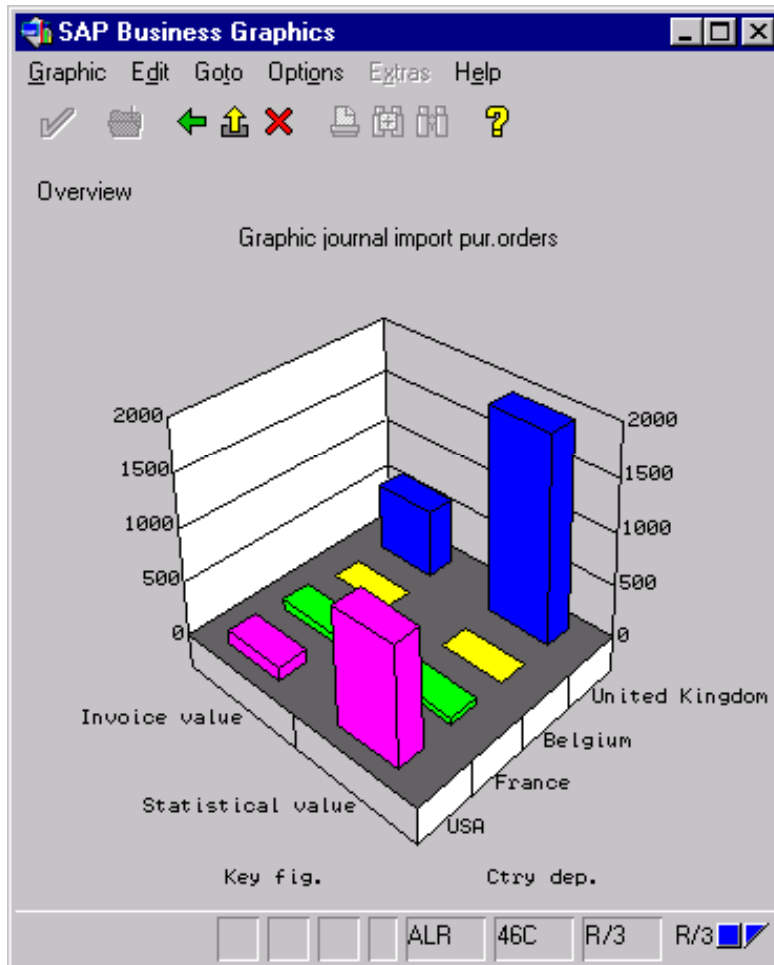
20. To display the sum of the statistical value of the items listed, position the cursor on *Stat. value* in the header row and choose .

21. To display the address and other information about a vendor, position the cursor on the vendor's name and choose .

22. To display a graphic for an analysis of the documents listed, choose .

The system displays a dialog box from which you can select parameters for the graphic display. A sample graphic for import purchase orders is shown below.

## Using the Foreign Trade Import/Export Journals



### Tips and Tricks

- To display all documents received from a particular vendor during the past month, enter only the vendor's name and the document date range in the selection criteria screen.
- To display documents received from all countries, enter AA to ZZ in the *Country* field of the selection criteria screen.


## Using Variants

### Use

Variants provide a means to use the same selection criteria repeatedly. When you define a variant, you can save it using a variant name and there is no need to reenter the same selection criteria each time you execute a program.


### Procedure

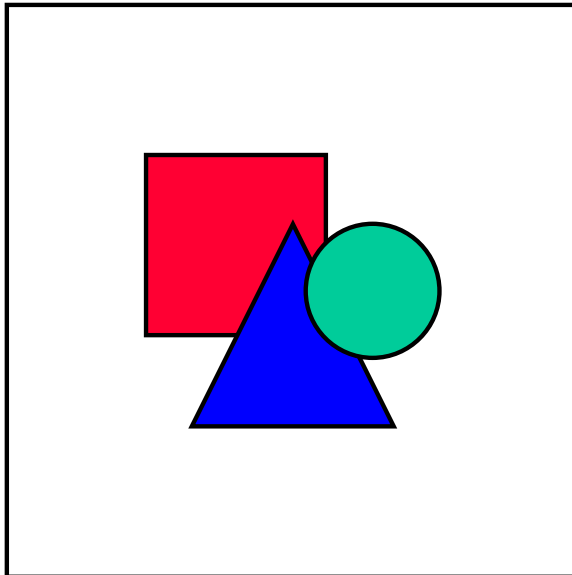
#### To select and use an existing variant

4. Position the cursor in a blank entry field (for example, in the *General Foreign Trade Processing Cockpit*) and click on the right side of the entry field.
5. Select an existing variant from the scroll list. (If you know the name of the variant you want to use, you can enter it directly in this field.)
6. Choose  immediately to the right of the variant field.

The system executes the corresponding report with this variant.

#### To define your own variant

4. Choose  immediately to the right of an **empty** variant field.  
The system goes directly to the selection criteria screen.
5. Enter selection criteria on the screen that you plan to use frequently.



If the system detects a possible lengthy run time to execute the program, a message to that effect will be displayed requiring you to enter more selection criteria.

6. Save the variant to the database.