

# Preferential Trade

## *Guidance on the Rules of Origin*

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### **General disclaimer**

These guidance documents are of an explanatory and illustrative nature. Customs legislation takes precedence over the content of these documents and should always be consulted. The authentic texts of the EU legal acts are those published in the Official Journal of the European Union. There may also be national instructions.

### **Drafting procedure**

These guidance documents have been drafted by the Customs Project Group "Guidance on preferential origin" (CPG 129) under Customs 2020. They have been endorsed by the Customs Expert Group – Origin Section (CEG-ORI).

**Acronyms/Abbreviations:**

ACP: Africa, the Caribbean and the Pacific

CARIFORUM: The Caribbean Forum of the African, Caribbean and Pacific Group of States

CETA: EU-Canada Comprehensive Economic and Trade Agreement

CTH: Change of Tariff Heading

CTSH: Change of Tariff Sub-heading

EFTA: European Free Trade Association

EPA: Economic Partnership Agreement

EU: European Union

EXW: Ex-works price

FOB: Free on Board

FTA: Free Trade Agreement

GSP: General System of Preferences

HS: Harmonized Commodity and Coding System of tariff nomenclature

MAR: Market Access Regulation No 2016/1076

MFN: Most Favoured Nation

OCT: Overseas Countries and Territories

OJ: Official Journal

PEM Convention: The Regional Convention on pan-Euro-Mediterranean preferential rules of origin

PSR: Product Specific Rule of Origin

REX: Registered Exporter System

SADC: Southern African Development Community

## A. Existing Tools

### A.1. Websites

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**This document contains an overview of links to online information and tools on customs and preferential rules of origin provided by Member States of the EU, candidate countries and the European Commission.**

*Last update: November 2018*

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#### i) Member States and candidate countries

All Member States of the EU and candidate countries have their own dedicated webpages for customs. Access to their webpages can be found via the following link:

[https://ec.europa.eu/taxation\\_customs/national-customs-websites\\_en](https://ec.europa.eu/taxation_customs/national-customs-websites_en)

#### ii) European Commission guidance

General guidance on preferential origin and trade agreements can be found on the website of the European Commission. For certain specific topics or agreements the European Commission has also provided separate guidance. The more relevant guidance is provided below.

##### 1) DG TAXUD

General information

[https://ec.europa.eu/taxation\\_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin\\_en](https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin_en)

E-learning

[https://ec.europa.eu/taxation\\_customs/eu-training/general-overview/ucc-elearning-programme\\_en#heading\\_4](https://ec.europa.eu/taxation_customs/eu-training/general-overview/ucc-elearning-programme_en#heading_4)

REX

[https://ec.europa.eu/taxation\\_customs/sites/taxation/files/registered\\_exporter\\_system\\_rex\\_-\\_guidance\\_document\\_v1\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/registered_exporter_system_rex_-_guidance_document_v1_en.pdf)

CETA

[https://ec.europa.eu/taxation\\_customs/sites/taxation/files/ceta\\_guidance\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/ceta_guidance_en.pdf)

GSP

[https://ec.europa.eu/taxation\\_customs/sites/taxation/files/resources/documents/customs/customs\\_duties/rules\\_origin/preferential/guide-contents\\_annex\\_1\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/customs_duties/rules_origin/preferential/guide-contents_annex_1_en.pdf)

SADC

[https://ec.europa.eu/taxation\\_customs/sites/taxation/files/taxud\\_3253415\\_17 -  
\\_guidance\\_on\\_sadc-eu\\_epa.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/taxud_3253415_17_-_guidance_on_sadc-eu_epa.pdf)

PanEuroMed countries

[https://ec.europa.eu/taxation\\_customs/sites/taxation/files/resources/documents/customs/customs  
\\_duties/rules\\_origin/preferential/handbook\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/customs_duties/rules_origin/preferential/handbook_en.pdf)

## **2) DG TRADE**

Trade Agreements

<http://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>

Rules of Origin

<http://trade.ec.europa.eu/tradehelp/basic-rules>

Market access database

<http://madb.europa.eu/madb/indexPubli.htm>

## A.2. International Organizations' Online Information and Tools on Origin

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**This document contains an overview of links to online information and tools on origin, provided by international organizations. The international organizations included are the WCO, WTO, OAS, UNCTAD, ITC and EFTA.**

*Last update: November 2018*

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### i) WCO

- 'Origin' is one of the main topics on the website of the World Customs Organization (WCO):  
<http://www.wcoomd.org/en/topics/origin.aspx>
- There is a Rules of Origin Handbook:  
<http://www.wcoomd.org/en/topics/origin/overview/origin-handbook.aspx>
- The WCO Origin Compendium is available here:  
[http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/origin/instruments-and-tools/guidelines/origin\\_compendium.pdf?db=web](http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/origin/instruments-and-tools/guidelines/origin_compendium.pdf?db=web)
- Instruments and tools can be found here:  
<http://www.wcoomd.org/en/topics/origin/instrument-and-tools.aspx>
  - Comparative Study on Preferential Rules of Origin:  
<http://www.wcoomd.org/en/topics/origin/instrument-and-tools/comparative-study-on-preferential-rules-of-origin.aspx>

The study is aiming at helping to enhance the overall understanding of the origin legislation. The study is comparing the EU, NAFTA, ASEAN and TPP preferential rules of origin<sup>1</sup>. The study will be developed with more agreements and more modules as appropriate.

- Database of preferential trade agreements and related rules of origin:  
<http://www.wcoomd.org/en/topics/origin/instrument-and-tools/database.aspx>

The WCO has established a global database of preferential trade agreements and related rules of origin in accordance with the Action Plan to improve the understanding and application of preferential rules of origin endorsed by the WCO Council in June 2007.

- Tools related to origin certification:  
<http://www.wcoomd.org/en/topics/origin/instrument-and-tools/origin-certification-tools.aspx>

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<sup>1</sup> NAFTA (North American Free Trade Agreement), ASEAN (Association of South East Asian Nations), TPP (Trans-Pacific Partnership)

The WCO Guidelines on Certification of Origin are based on the studies on origin certification and offer practical explanations. The Guidelines aim to provide useful guidance for the Members to design, develop and achieve robust management of origin-related procedures.

- Guidelines on certification of origin:

<http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/key-issues/revenue-package/guidelines-on-certification.pdf?db=web>

- Origin irregularities:  
<http://www.wcoomd.org/en/topics/origin/instrument-and-tools/origin-irregularities.aspx>
- Practical guide to the Nairobi Ministerial Decision on Rules of Origin for LDCs:  
[http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/key-issues/revenue-package/practical-guide-to-the-nairobi-ministerial-decision-on-rules-of-origin-for-ldcs\\_en.pdf?la=en](http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/key-issues/revenue-package/practical-guide-to-the-nairobi-ministerial-decision-on-rules-of-origin-for-ldcs_en.pdf?la=en)

## ii) WTO

- On the website of the World Trade Organization (WTO) ‘Rules of Origin’ is listed as one of the trade topics:  
[https://www.wto.org/english/tratop\\_e/roi\\_e/roi\\_e.htm](https://www.wto.org/english/tratop_e/roi_e/roi_e.htm).

Preferential rules of origin are mainly discussed in relation to Least Developed Countries (LDCs).

- There is a database that contains information on the preferential trade arrangements (PTAs) that are being implemented by WTO Members:  
<http://ptadb.wto.org/>.

## iii) OAS

- The Organization of American States (OAS) has a foreign trade information system:  
<http://www.sice.oas.org/>.
- The website provides a list of trade agreements in force:  
[http://www.sice.oas.org/agreements\\_e.asp](http://www.sice.oas.org/agreements_e.asp).

By clicking on one of the listed agreements, an index of that particular agreement will appear and then it is possible to select the part of the agreement concerning (preferential) origin.

## iv) UNCTAD

- On the website of the United Nations Conference on Trade and Development (UNCTAD) ‘Rules of Origin’ are discussed in relation to the Generalized System of Preferences (GSP).
  - About Rules of Origin:  
<http://unctad.org/en/Pages/DITC/GSP/Rules-of-Origin.aspx>
  - Certificate of Origin, Form A:  
<http://unctad.org/en/Pages/DITC/GSP/GSP-certificate-of-origin-Form-A.aspx>
  - GSP handbook:  
[https://unctad.org/en/PublicationsLibrary/itcdtsbmisc25rev4\\_en.pdf](https://unctad.org/en/PublicationsLibrary/itcdtsbmisc25rev4_en.pdf)
- The report ‘The Use of the EU’s Free Trade Agreements - Exporter and Importer Utilization of Preferential Tariffs’, prepared in collaboration between the National Board of Trade Sweden and UNCTAD, analysing the use of tariff preferences in free trade agreements, can be found here:  
[https://unctad.org/en/PublicationsLibrary/EU\\_2017d1\\_en.pdf](https://unctad.org/en/PublicationsLibrary/EU_2017d1_en.pdf).

#### v) ITC

The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations. The ITC created a tool named the Rules of Origin Facilitator: <http://findrulesoforigin.org/>.

It contains information on e.g. free trade agreements and (preferential) rules of origin.

#### vi) EFTA

On the website of the European Free Trade Association (EFTA) they have Free Trade Agreements that are published for each partner country:

<http://www.efta.int/free-trade/free-trade-agreements>.

There are links to the parts of the agreements concerning the preferential rules of origin.

### A.3. Explanatory notes

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**This document contains links to Explanatory Notes in relation to specific EU free trade agreements.**

*Last update: November 2018*

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In certain free trade agreements the EU has drawn up with the trading partner country Explanatory Notes to provide guidance on the interpretation and application of the rules of origin. These address practical aspects of the rules of origin.

#### **i) Chile**

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2003.321.01.0022.01.ENG&toc=OJ:C:2003:321:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2003.321.01.0022.01.ENG&toc=OJ:C:2003:321:TOC)

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2005.056.01.0036.01.ENG&toc=OJ:C:2005:056:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2005.056.01.0036.01.ENG&toc=OJ:C:2005:056:TOC)

#### **ii) Mexico**

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2001.128.01.0009.01.ENG&toc=OJ:C:2001:128:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2001.128.01.0009.01.ENG&toc=OJ:C:2001:128:TOC)

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2004.040.01.0002.01.ENG&toc=OJ:C:2004:040:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2004.040.01.0002.01.ENG&toc=OJ:C:2004:040:TOC)

#### **iii) PanEuroMed countries**

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2007.083.01.0001.01.ENG&toc=OJ:C:2007:083:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2007.083.01.0001.01.ENG&toc=OJ:C:2007:083:TOC)

#### **iv) South Korea**

<https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:127:1344:1414:EN:PDF>

(found at page L 127/1414 of 14 May 2011)

## A.4. European Union Law Cases

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**This document contains an overview of the most important origin related law cases and provides websites and links to search (customs) law cases.**

*Last update: November 2018*

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### **i) List of law cases**

A list of law cases concerning preferential origin matters can be found in Annex I. Law cases concerning non-preferential origin are included in Annex II. The lists contain dates, case numbers, and keywords (including names of the parties involved).

Only the most important law cases are included in the Annexes. To search for more law cases, the websites and links mentioned below can be used.

### **ii) Websites**

#### ***General searches***

EUR-Lex and Curia can be used to search and find law cases:

- <http://eur-lex.europa.eu/collection/eu-law/eu-case-law.html> (search in case law > text search: preferential origin)
- <http://curia.europa.eu/> (case law > search form > text: “preferential origin”)

## Annex I

Preferential origin		
Date of decision	Case number	Keywords
07.04.2016	<a href="#">C-294/14</a>	<p><b>ADM Hamburg AG v Hauptzollamt Hamburg-Stadt</b> Request for a preliminary ruling from the Finanzgericht Hamburg</p> <p>Reference for a preliminary ruling — Customs Union and Common Customs Tariff — Community Customs Code — Tariff Preferences — Regulation (EEC) No 2454/93 — Article 74(1) — Products originating from a beneficiary country — Transport — Consignments composed of a mixture of crude palm kernel oil originating in several countries benefiting from the same preferential treatment</p>
23.10.2014	<a href="#">C-437/13</a>	<p><b>Unitrading Ltd v Staatssecretaris van Financiën</b> Reference for a preliminary ruling: Hoge Raad der Nederlanden - Netherlands.</p> <p>Reference for a preliminary ruling - Community Customs Code - Recovery of import duties - Origin of goods - Means of proof - Charter of Fundamental Rights of the European Union - Article 47 - Rights of the defence - Right to effective judicial protection - Procedural autonomy of the Member States.</p>
06.02.2014	<a href="#">C-613/12</a>	<p><b>Helm Düngemittel GmbH v Hauptzollamt Krefeld</b> Reference for a preliminary ruling: Finanzgericht Düsseldorf - Germany.</p> <p>Request for a preliminary ruling - Customs union and Common Customs Tariff - Euro-Mediterranean Agreement with Egypt - Article 20 of Protocol 4 - Proof of origin - Movement certificate EUR.1 - Replacement movement certificate EUR.1 issued at a time when the goods were no longer under the control of the issuing customs authority - Refusal to apply preferential treatment.</p>
24.10.2013	<a href="#">C-175/12</a>	<p><b>Sandler AG v Hauptzollamt Regensburg</b> Request for a preliminary ruling from the Finanzgericht München</p> <p>Customs union and Common Customs Tariff — Preferential arrangement for the import of products originating in the African, Caribbean and Pacific (ACP) States — Articles 16 and 32 of Protocol 1 to Annex V of the Cotonou Agreement — Import of synthetic fibres from Nigeria into the European Union — Irregularities in the movement certificate EUR.1</p>

		<p>established by the competent authorities of the State of export — Stamp not matching the specimen notified to the Commission — Post-clearance and replacement certificates — Community Customs Code — Articles 220 and 236 — Possibility of retrospective application of a preferential customs duty no longer in effect on the date when the request for repayment is made — Conditions</p>
08.11.2012	<a href="#">C-438/11</a>	<p><b>Lagura Vermögensverwaltung GmbH v Hauptzollamt Hamburg-Hafen</b>  Reference for a preliminary ruling: Finanzgericht Hamburg - Germany.  Community customs code - Article 220(2)(b) - Post-clearance recovery of import duties - Legitimate expectations - Impossibility of verifying the accuracy of a certificate of origin - Notion of ‘certificate based on an incorrect account of the facts provided by the exporter’ - Burden of proof - Scheme of generalised tariff preferences.</p>
15.12.2011	<a href="#">C-409/10</a>	<p><b>Hauptzollamt Hamburg Hafen v Afasia Knits Deutschland GmbH</b>  Reference for a preliminary ruling: Bundesfinanzhof - Germany.  Common commercial policy - Preferential regime for the importation of products originating in the African, Caribbean and Pacific (ACP) States - Irregularities detected during an investigation carried out by the European Anti-Fraud Office (OLAF) in the exporting ACP State - Post-clearance recovery of the import duties.</p>
01.07.2010	<a href="#">C-442/08</a>	<p><b>European Commission v Federal Republic of Germany</b>  Failure of a State to fulfil its obligations - EEC-Hungary Association Agreement - Subsequent verification - Failure to comply with rules on origin - Decision of the authorities of the exporting State - Appeal - Commission inspection mission - Customs duties - Post-clearance recovery - Own resources - Making available - Default interest.</p>
25.02.2010	<a href="#">C-386/08</a>	<p><b>Brita GmbH v Hauptzollamt Hamburg-Hafen</b>  Reference for a preliminary ruling: Finanzgericht Hamburg - Germany.  EC-Israel Association Agreement - Territorial scope - EC-PLO Association Agreement - Refusal to apply to products originating in the West Bank the preferential tariff arrangements granted for products originating in Israel - Doubts as to the origin of the products - Approved exporter - Subsequent verification of invoice declarations by the customs authorities of the importing State - Vienna</p>

		Convention on the Law of Treaties - Principle of the relative effect of treaties.
09.03.2006	<a href="#">C-293/04</a>	<b>Beemsterboer Coldstore Services BV v Inspecteur der Belastingdienst - Douanedistrict Arnhem</b> Reference for a preliminary ruling: Gerechtshof te Amsterdam - Netherlands. Post-clearance recovery of import or export duties - Article 220(2)(b) of Regulation (EEC) No 2913/92 - Application ratione temporis - System of administrative cooperation involving the authorities of a non-member country - Meaning of 'incorrect certificate' - Burden of proof.
09.02.2006	<a href="#">C-23/04</a> - <a href="#">C-25/04</a>	<b>Sfakianakis A EVE v. Elliniko Dimosio</b> Reference for a preliminary ruling: Dioikitiko Protodikeio Athinon - Greece. Association Agreement EEC-Hungary - Obligation of mutual assistance between customs authorities - Post-clearance recovery of import duties following revocation in the State of export of the movement certificates for the imported products.

## Annex II

Non-preferential Origin		
Date of decision	Case number	Keywords
11.02.2010	<a href="#">C-373/08</a>	<p><b>Hoesch Metals and Alloys GmbH v Hauptzollamt Aachen</b> Reference for a preliminary ruling: Finanzgericht Düsseldorf - Germany.</p> <p>Community Customs Code - Article 24 - Non-preferential origin of goods - Origin-conferring processing or working - Silicon blocks originating in China - Separation, crushing and purification of the blocks and the sieving, sorting by size and packaging of the grains in India - Dumping - Validity of Regulation (EC) No 398/2004.</p>
10.12.2009	<a href="#">C-260/08</a>	<p><b>Bundesfinanzdirektion West v HEKO Industrieerzeugnisse GmbH</b> Reference for a preliminary ruling: Bundesfinanzhof - Germany.</p> <p>Community Customs Code - Article 24 - Non-preferential origin of goods - Definition of 'substantial processing or working' - Criterion for a change of tariff heading - Steel cables manufactured in North Korea using stranded steel wire originating in China.</p>
13.12.2007	<a href="#">C-372/06</a>	<p><b>Asda Stores Ltd v Commissioners of Her Majesty's Revenue and Customs</b> Reference for a preliminary ruling: VAT and Duties Tribunal, London - United Kingdom.</p> <p>Community Customs Code - Implementing measures - Regulation (EEC) No 2454/93 - Annex 11 - Non-preferential origin of goods - Television receivers - Concept of substantial processing or working - Added value test - Validity and interpretation - EEC-Turkey Association Agreement and Decision No 1/95 of the Association Council - Interpretation.</p>
13.12.1989	<a href="#">C-26/88</a>	<p><b>Brother International GmbH v Hauptzollamt Gießen</b> Reference for a preliminary ruling: Hessisches Finanzgericht - Germany.</p> <p>Origin of goods - Assembly of previously manufactured components.</p>

## B. Common Topics

### B.1 List Rules

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**This document contains an explanation of the list rules. These describe the working or processing that non-originating materials have to undergo for the final product to obtain preferential originating status.**

*Last update: November 2018*

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#### 1. Introduction

The guidance on list rules (also known as Product Specific Rules of Origin – PSR) describes the working or processing that non-originating materials have to undergo for the final product to obtain preferential originating status. Each preferential arrangement contains list rules.

#### 2. Definition of Concept

To obtain preferential originating status, two main criteria are defined in preferential arrangements.

- Wholly obtained products - where only **one** country is involved in the manufacture of both materials and products.

- Sufficiently worked or processed products obtained in a country incorporating materials which have not been wholly obtained there, provided that the materials used in the manufacture of these products have undergone sufficient working or processing. The sufficient “working or processing” that is needed to obtain preferential origin to the final product is determined by the list rules.

These list rules describe the working or processing that non-originating materials have to undergo to acquire preferential origin. Each preferential arrangement contains list rules.

Products that have been “produced exclusively from originating materials” will always be considered as originating products either by being wholly obtained, sufficiently worked or processed, or having used originating materials from a partner country through cumulation. This is mentioned in some preferential arrangements as a third criterion, like CETA.

#### 3. General Overview

In preferential arrangements, list rules contain introductory notes which explain how to read them and cover requirements to be fulfilled for allocating preferential origin to a final product.

The list rules are presented using a table structured as follows:

## PEM Convention

HS heading	Description of product	Working or processing, carried out on non-originating materials, which confers originating status	
(1)	(2)	(3)	or (4)
8411	Turbo jets, turbo-propellers and other gas turbines	Manufacture: - from materials of any heading, except that of the products, and - in which the value of all the materials used does not exceed 40% of the ex-works price of the product	Manufacture in which the value of all the materials used does not exceed 25% of the ex-works price of the product

However, the structure of list rules may be different from the above presented model in particular preferential arrangements. For instance, rules and even the alternative rules, may be gathered together in one column and the products described by the HS codes only.

## CETA

Harmonized System classification	Products specific rule for sufficient production pursuant to Article 5
84.01 – 84.12	A change from any other heading; or A change from within any one of these headings, whether or not there is also a change from any other heading, provided that the value of non-originating materials classified in the same heading as the final product does not exceed 50 per cent of the transaction value or ex-works price of the product

In using the list rules it is important to establish which version of the HS is being applied. For example, CETA uses the HS 2012.

The list rules confer originating status based on the following basic criteria:

- Wholly obtained requirement;
- Change in tariff classification;
- Value or weight limitation;
- Specific working or processing.

List rules sometimes combine these criteria and require manufacturers to satisfy two or more of them at the same time.

It may be that not all products in the list rules will benefit from preferential tariff treatment.

## **A) Wholly Obtained Requirement**

*Example A.1: PEM Convention – preferential origin for rye flour*

*The rule for rye flour (HS heading 11.02) requires:*

*"Manufacture in which all the cereals, edible vegetables, roots and tubers of heading 0714 or fruit used are wholly obtained"*

*The rye (HS heading 10.02) is wholly obtained in the EU (grown and harvested there) and is used in the manufacture of the rye flour in the EU. Therefore, the final product obtains EU preferential origin.*

*Example A.2: PEM Convention – Preferential origin for cheese (HS heading 04.05)*

*The rule for HS Chapter 04 requires:*

*"Manufacture in which all the materials of Chapter 4 used are wholly obtained"*

*The milk used in the manufacture in the EU of the cheese has to be wholly obtained in the EU (products i.e. milk, obtained from live animals raised there). Consequently, the cheese can be exported to Switzerland as originating in the EU.*

## **B) Change in Tariff Classification**

### **1) Change of Chapter (CC)**

A product is considered to be sufficiently worked or processed when it is classified in a 2-digit level of the Harmonized System, i.e. chapter, which is different from those in which all the non-originating materials used in its manufacture are classified.

*Example B.1: CETA – Linseed oil HS sub-heading 1516.20*

*The rule for the vegetable fats and oils and their fractions (HS sub-heading 1516.20) in CETA requires:*

*"A change from any other chapter"*

*The linseed (HS heading 12.04) is imported into the EU from Turkey and is used in the manufacture of linseed oil in the EU. Therefore, the final product obtains EU preferential origin when exported to Canada.*

### **2) Change of Tariff Heading (CTH)**

A product is considered to be sufficiently worked or processed when it is classified in a 4-digit level of the Harmonized System, i.e. heading, which is different from those in which all the non-originating materials used in its manufacture are classified.

**Example B.2: PEM Convention – Seats HS heading 94.01**

*A rule for the seats (HS heading 94.01) requires:*

*"Manufacture from materials of any heading, except that of the product"*

*The manufacturer uses the following non-originating materials:*

- sawn wood (HS heading 44.07)*
- fabrics (HS heading 52.08)*
- foam/porolone (HS heading 39.03).*

*The seats are exported to Switzerland as EU originating since the CTH rule is fulfilled, namely all non-originating materials used in the production of the final product are classified under tariff headings different from the tariff heading of the seats.*

**3) Change of Tariff Sub-Heading (CTSH)**

A product is considered to be sufficiently worked or processed when it is classified in a 6-digit level of the Harmonized System, i.e. sub-heading, which is different from those in which all the non-originating materials used in its manufacture are classified.

**Example B.3: CETA – Roasted coffee (HS sub-heading 0901.21)**

*The rule for roasted coffee (HS sub-heading 0901.21) requires:*

*"A change from any other subheading"*

*The manufacturer uses the following non-originating materials:*

- coffee, not roasted (HS sub-heading 0901.11)*

*Coffee roasted in the EU is exported to Canada as EU originating since the CTSH rule is fulfilled, namely all materials used in the production of the final product are classified under a tariff sub-heading different from the tariff sub-heading of the roasted coffee.*

**4) Manufacture from materials of any heading**

A product is considered to be sufficiently worked or processed when the working or processing carried out is more than insufficient even if the non-originating materials used in the manufacture are classified under the same heading, even materials of the same description and heading as the product. Materials of any heading may be used, subject to any specific limitations which may also be contained in the rule.

**Example B.4: PEM Convention – Mixtures of spices (ex heading 09.10)**

*The rule for mixtures of spices (curry HS heading 09.10) requires:*

*"Manufacture from materials of any heading"*

*The manufacturer uses the following non-originating materials:*

- Black pepper (HS heading 09.04);
- Chili pepper (HS heading 09.04);
- Cinnamon (HS heading 09.06)
- Cloves (HS heading 09.07)
- Nutmeg (HS heading 09.08)
- Cumin (HS heading 09.09);
- Coriander (HS heading 09.09);
- Turmeric (HS heading 09.10);
- Fenugreek (HS heading 09.10);
- Ginger (HS heading 09.10)

*Ingredients are mixed together as a deliberate and proportionally controlled operation that is more than minimal. Some materials are classified in the same heading as the product but the rule is met because it allows the use of non-originating materials from any heading even those of the same heading. Consequently, curry can be exported to Switzerland as a product originating in the EU.*

5) Manufacture from materials of any heading, including other materials of the same heading

A product is considered to be sufficiently worked or processed when the working or processing carried out is more than insufficient even if the non-originating materials used in the manufacture are classified under the same heading, except those of the same description as the product as given in column “Description of product” in the List rules.

**Example B.5:** *PEM Convention - Dentists’ chair incorporating dental appliances or dentists’ spittoons (HS heading 90.18)*

*The rule for dentists’ chair incorporating dental appliances or dentists’ spittoons (HS heading 90.18) requires:*

*"Manufacture from materials of any heading, including other materials of heading 9018"*

*A dentists’ chair incorporating dental appliances or dentists’ spittoons is produced from various non-originating materials, including materials that are classified under HS heading 90.18. The product has undergone processing that is more than insufficient, and the materials have a different description to that of the final product, therefore, the list rule is fulfilled and the dentists’ chair incorporating dental appliance or dentists’ spittoons is originating.*

**C) Value Limit for Non-Originating Materials**

The value limitation principle for non-originating materials (NOM) means that the value of all or specific non-originating materials may not exceed a given percentage of the ex-works price of the final product.

**Example C.1:** *PEM Convention - Plastic jugs (HS heading 39.24)*

*The rule for plastic jugs (HS heading 39.24) requires:*

*"Manufacture in which the value of all the [non-originating] materials used does not exceed 50% of the ex-works price of the product"*

*The manufacturer uses the following non-originating materials:*

- Plastic granules (HS heading 39.03) (value 2 €)
- Lid (HS heading 39.24) (value 0.50 €).

*A plastic jug (ex-works price 6 €) is exported to Switzerland as EU originating since the value of non-originating materials is less than 50% of the ex-works price.*

**Example C.2: PEM Convention – Skid chains (HS heading 73.15)**

*The rule for skid chains (HS heading 73.15) requires:*

*"Manufacture in which the value of all the [non-originating] materials of heading 7315 used does not exceed 50% of the ex-works price of the product"*

*The manufacturer uses the following non-originating materials:*

- Chain (HS heading 73.15) (value 150 €)
- Wire of stainless steel (HS heading 72.23) (value 60 €).

*A skid chain (ex-works price 350 €) for car tyres is manufactured in the EU. It is exported to Norway as EU originating since the value of non-originating materials of HS heading 73.15 is less than 50% of the ex-works price, even though the value of all non-originating materials exceeds the value limitation of 50% for non-originating materials.*

#### **D) Specific Working or Processing**

Specific operations in a manufacturing process are the minimum operations that have to be performed on the non-originating materials in order to confer preferential origin to the final product.

**Example D.1: PEM Convention - Skirt (HS heading 62.04)**

*The rule for skirts (HS heading 62.04) requires:*

*"Manufacture from yarn"*

*The manufacturer uses the following non-originating materials:*

- Yarn (HS heading 52.05)

*In the EU the yarn is woven into fabric from which the skirts are made-up. The skirts are exported to Liechtenstein as EU originating since they are manufactured from yarn in the EU.*

**Example D.2: PEM Convention - Marble (HS heading ex25.15) in blocks not exceeding 25 cm)**

*The rule for marble (HS heading ex25.15) requires:*

*“Cutting, by sawing or otherwise, of marble (even if already sawn) of a thickness exceeding 25 cm”*

*A block of non-originating marble of 40 cm thickness is cut into pieces of a thickness of 20 cm in Egypt and then exported to the EU. As the cutting of marble is done in Egypt the final product is originating.*

### **E) Combination of Several Rules**

The specific list rules in the previous sections (A) to (D) may be combined to make a rule whereby all the listed conditions must be fulfilled.

**Example E.1:** *EU-Chile Agreement – Citrus Juice (HS heading 20.09)*

*The rules for citrus juice (HS heading 20.09) require (Wholly obtained + NOM):*

*"Manufacture in which:*

- all the citrus fruits must be wholly obtained, and*
- the value of any materials of Chapter 17 used does not exceed 30% of the ex-works price of the product"*

*The manufacturer in Chile uses the following materials:*

- citrus fruits harvested in Chile;*
- non-originating sugar from Brazil (HS heading 17.01).*

*The value of sugar represents 27 % of the ex-works price of the final product. The citrus juice is exported to the EU as originating in Chile since the wholly obtained rule is fulfilled and the value of non-originating sugar is less than 30 % of the ex-works price.*

**Example E.2:** *PEM Convention – Bulldozers (HS heading 84.29) – (several value limitation rules)*

*A rule for bulldozers (HS heading 84.29) requires:*

*"Manufacture in which:*

- the value of all the materials used does not exceed 40 % of the ex-works price of the product, and*
- within the above limit, the value of all the materials of heading 8431 used does not exceed 10 % of the ex-works price of the product”*

*The EU manufacturer uses the following non-originating materials:*

- Japanese metal sheets (HS heading 72.09) of the value of 29 % of the ex-works price of the final product;*
- Chinese parts (HS heading 84.31) of the value 9 % of the ex-works price of the final product.*

*The bulldozer manufactured in the EU is exported to Switzerland and is originating in the EU as the rule is fulfilled.*

## **4. Particularities**

**Japan:** The rule for the use of non-originating materials as a percentage of the price of the final product is based on two alternative calculations, ex-works price (EXW) or Free on Board (FOB), either of which may be used.

## B.2 Tolerance

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**This document contains an explanation of the use of tolerances. This allows the final product to obtain originating status by using non-originating materials when the list rule would not allow those non-originating materials to be used.**

*Last update: November 2018*

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### 1. Introduction

The tolerance rule allows for the departure from sufficient working or processing conditions set out in List Rules (also known as Product Specific Rules of Origin). It provides a certain level of relaxation by allowing the use of a small percentage of non-originating materials - which the list rule would not allow to be used - in the production process of the final product without affecting its originating status.

The following types of tolerances can be found in the provisions of preferential arrangements:

- general tolerance
- specific tolerance for textiles and textile articles

### 2. General Tolerance

The general tolerance rule permits producers to use non-originating materials (that cannot be used according to the list rules to obtain originating status) up to a specific percentage of:

- the value of the ex-works price of the final product, or
- the weight of the final product

### 3. Definition of concept

The general tolerance rule allows the final product to obtain originating status by using non-originating materials when the list rule would not allow those non-originating materials to be used based on the tariff classification or a specific manufacturing process.

Where the list rule stipulates that materials used in the production have to be wholly obtained, the tolerance applies to the sum of those materials. However, tolerance is not to be applied to wholly obtained products within the meaning of the article on 'Wholly obtained products' in the preferential arrangements.

This general tolerance is usually not applicable for products of HS Chapters 50 to 63. For goods of these Chapters section “Specific Tolerances for Textiles and Textile Articles” below provides more information.

## 4. General Overview

Respective provisions of preferential arrangements stipulate that non-originating materials which cannot be used in the manufacturing process of the product to obtain originating status may nevertheless be used to obtain such a status provided that their total value does not exceed a certain threshold (tolerance). In some preferential arrangements tolerances are expressed in weight for certain agricultural products (e.g. EU GSP, EU-Canada CETA, OCT Decision).

The percentage of the general tolerance allowed varies from one preferential arrangement to another and could be either 10 percent (e.g. PEM Convention, FTAs with South Korea or Ukraine) or 15 percent (e.g. EPA Agreements or the EU Generalised System of Preferences).

Should the list rule allow the use of a certain percentage of non-originating materials, the tolerance cannot be used to exceed this percentage specified in the list rule. It means that, where there are percentages in the list rules for a maximum value/weight of non-originating materials, the maximum in the list rule cannot be exceeded by applying the tolerance. The maximum content of non-originating materials will always be the one in the list rule.

For instance, if the list rule requires a maximum use of 40 % of non-originating materials of the ex-works price of the product, this is the limit that applies and **not** 40% + 10% (tolerance).

*Example: EU-South Korea FTA (based on HS 20.07)*

*A doll (HS heading 95.03) is produced in the EU from non-originating plastic pellets (HS chapter 39), baby's garments (HS chapter 62) and plastic eyes (HS heading 95.03).*

*The rule for the dolls (ex. chapter 95) is:*

*“Manufacture from [non-originating] materials of any heading except that of the product”*

*In the production of the doll non-originating materials of the same HS heading 95.03 (doll eyes) are used. Taking into consideration the tolerance rule the final product could obtain EU originating status if the value of the doll's eyes does not exceed 10 % of the ex-works price of the doll.*

## 5. Specific Tolerances for Textiles and Textile Articles

Specific tolerance rules apply to textiles and textile articles of HS Chapters 50 to 63 instead of the general tolerance rule. Those rules are generally included in the introductory notes to the list rules.

### a) Mixed Products

Non-originating basic textile materials which cannot be used in the manufacturing process of the final product to obtain originating status, may nevertheless be used to obtain such a status provided that their total weight represents 10 per cent or less of the

total weight of the basic textile materials<sup>2</sup> used. This type of tolerance is conditional as it is allowed only to mixed products which have been produced from two or more basic textile materials.

**Example – PEM Convention (based on HS 2012)**

*A cotton fabric, of HS heading 52.09, made from cotton yarn of HS heading 52.05 and silk yarn of HS heading 50.04, is a mixed fabric.*

*The rule for cotton fabric (HS heading 52.09):  
“Manufacture from [non-originating] natural fibres”*

*Therefore, non-originating cotton yarn or non-originating silk yarn or a mixture of both of them may still be used if the total weight of the non-originating yarn does not exceed 10 per cent of the weight of fabric.*

In two specific cases,

- products incorporating “yarn made of polyurethane segments with flexible segments of polyether, whether or not gimped” – tolerance is 20 % in respect of this yarn.
- products incorporating a “strip consisting of a core of aluminium foil or of a core of plastic film whether or not coated with aluminium powder, of a width not exceeding 5 mm, sandwiched by means of a transparent or coloured adhesive between two layers of plastic film” - tolerance is 30 % in respect of this strip.

## **b) Clothing and Other Made-up Textile Articles**

In cases of certain products of HS Chapters 61 to 63, non-originating textile materials which cannot be used in the manufacturing process of the final product to obtain originating status, may nevertheless be used to obtain such a status provided that their value does not exceed 8 per cent of the ex-works price of the final product and they are classified in a heading other than that of the product.

This type of tolerance does not apply to non-originating linings and interlinings.

**Example – PEM Convention (based on HS 2012)**

*Shirts not embroidered of HS heading 62.06 made from non-originating materials: cotton yarn of HS heading 52.05 and lace of HS heading 58.08.*

*Rule for shirts (HS heading 62.06):  
“Manufacture from [non-originating] yarn.”*

*The final product could obtain originating status if the value of lace used does not exceed 8 per cent of the ex-works price of the shirt.*

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<sup>2</sup> The list of basic textile materials is generally presented in the introductory notes to the list rules in preferential arrangements.

## 6. Particularities

The annex contains a list of the tolerance rules for all preferential arrangements.

**Principle of territoriality:** If the final product obtains originating status by applying the general tolerance rule for non-originating materials, this tolerance cannot additionally be applied with the derogation from the principle of territoriality. Both cannot be applied together when determining the origin of the final product.

However, such a derogation from the principle of territoriality does not exist in all preferential arrangements (see chapter on the principle of territoriality).

**CARIFORUM:** The general tolerance rule may be applied for textiles and textile articles of HS Chapters 50 to 63 instead of the specific tolerances.

**Mexico:** There are two differences:

- mixed products - 8 % tolerance in weight is applicable (not 10 %),
- products incorporating “yarn made of polyurethane segments with flexible segments of polyether, whether or not gimped” – 8 % tolerance in weight in respect of this yarn (not 20 %).

**Japan:** The following differences apply:

- The general tolerance of 10 % and the tolerance for clothing and other made-up textile articles of 8 % may also be calculated on the basis of FOB price.
- A 10 % tolerance in weight for other basic textile materials may be used in combination with the specific 20 % and 30 % tolerances as mentioned above in the section Mixed Products.
- A 40 % tolerance in weight is applied in relation to non-originating man-made fibres used in the spinning process with natural fibres to obtain final products of HS headings 51.06 to 51.10 and 52.04 to 52.07.
- The general tolerance of 10 % by value may apply even when the list rule limits the use of non-originating materials by weight. This means the limits expressed by weight in the list rule may be exceeded by application of the general tolerance rule of 10% by value.

**EU GSP, OCT:** The 8 % tolerance in value, applicable to non-originating textile materials, includes linings and interlinings.

## Annex Tolerances – Legal basis

Preferential arrangements	Legal basis	OJ	Tolerances					
			General tolerance		Mixed products		Clothing	
			Legal basis	Comments	Legal basis	Comments	Legal basis	Comments
<b>Algeria</b>	Euro-Mediterranean Association Agreement - Protocol 6	OJ L297 of 15/11/2007, p.3	Art. 6(2)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	8% in value (exclusion for linings and interlinings)
<b>Andean Countries</b>	Trade Agreement - Annex II	OJ L354 of 21/12/2012, p. 2075	Art. 6(3)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Appendix I	10%, 20%, 30% in weight	Notes 5 and 6 Appendix I	8% in value
<b>Andorra (Agricultural products)</b>	Appendix to the Agreement - Decision No 1/2015 of the EU-Andorra Joint Committee	OJ L344 of 30/12/2015, p. 15	Art. 5(2)	10% in value				
<b>Cameroon (exportations to) (for importations from Cameroon, see Market Access Regulation decision below)</b>	Decree No 2016/367 of 3 August 2016 of the Republic of Cameroon		Art. 5(4)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Appendix I	10%, 20%, 30% in weight	Notes 5 and 6 Appendix I	10% in weight for textile trimmings and accessories (exclusion for linings and interlinings)

<b>Canada</b>	Comprehensive Economic and Trade Agreement (CETA) - Protocol	OJ L11 of 14/01/2017, p. 465	Art. 6	10% in value (HS Chapters 50-63 excluded)	Notes 3, 4, 5, 6 and 7 Annex I	10%, 20%, 30% in weight	Notes 3, 4, 5, 6 and 7 Annex I	8% in value (exclusion for linings and interlinings)
<b>CARIFORUM</b>	Economic Partnership Agreement - Protocol I	OJ L289 of 30/10/2008, p. 1805	Art. 7(3)	15% in value (including HS Chapters 50-63)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	10% in weight for textile trimmings and accessories (exclusion for linings and interlinings)
<b>Central America</b>	Association Agreement - Annex II	OJ L346 of 15/12/2012, p. 1803	Art. 5(2)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Appendix I	10%, 20%, 30% in weight	Notes 5 and 6 Appendix I	8% in value (exclusion for linings and interlinings)
<b>Ceuta and Melilla</b>	Council Regulation (EC) No 82/2001 of 5/12/2000	OJ L20 of 20/01/2001, p. 1	Art. 6(2)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex A	10%, 20%, 30% in weight	Notes 5 and 6 Annex A	8% in value (exclusion for linings and interlinings)
<b>Chile</b>	Association Agreement - Annex III	OJ L352 of 30/12/2002, p. 935	Art. 5(3)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Appendix I	10%, 20%, 30% in weight	Notes 5 and 6 Appendix I	8% in value (exclusion for linings and interlinings)
<b>ESA</b>	Interim Agreement establishing a framework for an Economic Partnership Agreement - Protocol 1	OJ L111 of 24/04/2012, p. 1023	Art. 7(4)	15% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	10% in weight for textile trimmings and accessories (exclusion for linings and interlinings)
<b>Generalised System of Preferences (GSP)</b>	Commission Delegated Regulation (EU) 2015/2446 of 28/07/2015 (UCC - DA) - Commission Implementing Regulation (EU) 2015/2447 of 24/11/2015 (UCC-IA)	OJ L343 of 29/12/2015, p. 1 (UCC-DA) p. 558 (UCC-IA)	Art. 48 UCC-DA	a/ 15% in weight (HS Chapters 2 and 4 to 24, other than processed fishery products falling within HS Chapter 16) - b/ 15% in value (other products, except for products falling within HS Chapters 50 to 63)	Notes 6 and 7 Annex 22-03 UCC-DA	10%, 20%, 30% in weight	Notes 6 and 7 Annex 22-03 UCC-DA	8% in value
<b>Israel</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L20 of 24/01/2006, p. 1	Art. 6(2)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	8% in value (exclusion for linings and interlinings)

<b>Ivory Coast</b>	Stepping stone Economic Partnership Agreement – Decision 2/2019 of the EPA Committee - Protocol 1	Not published	Art 4(5) and (6)	10% in value for EU products and 15 % in value for Ivorian products (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	10% in weight for textile trimmings and accessories (exclusion for linings and interlinings)
<b>Japan</b>	Economic Partnership Agreement - Annex 3A	OJ L330 of 27/12/2018, p. 23	Art. 3.6 Chapter 3	10% in value (HS Chapters 50-63 excluded)	Notes 7 and 8 Annex 3-A	10%, 20%, 30%, 40% in weight	Notes 7 and 8 Annex 3-A	8% in value (exclusion for linings and interlinings)
<b>Jordan</b>	Euro-Mediterranean Association Agreement - Protocol 3	OJ L209 of 31/07/2006, p. 31	Art. 6(2)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	8% in value (exclusion for linings and interlinings)
<b>Korea</b>	Free Trade Agreement - Protocol	OJ L127 of 14/05/2011, p. 1344	Art. 5(2)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	8% in value (exclusion for linings and interlinings)
<b>Kosovo* - Autonomous measures</b>	Commission Delegated Regulation (EU) 2015/2446 of 28/07/2015 (UCC - DA) - Commission Implementing Regulation (EU) 2015/2447 of 24/11/2015 (UCC-IA)	OJ L343 of 29/12/2015, p. 1 (UCC-DA) p. 558 (UCC-IA)	Art. 64 UCC-DA	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex 22-11 UCC-DA	10%, 20%, 30% in weight	Notes 5 and 6 Annex 22-11 UCC-DA	8% in value (exclusion for linings and interlinings)
<b>Lebanon</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L143 of 30/05/2006, p. 73	Art. 6(3)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	8% in value (exclusion for linings and interlinings)
<b>Market Access Regulation decision</b>	Regulation (EU) 2016/1076 of the European Parliament and of the Council of 8/6/2016 - Annex II	OJ L185 of 08/07/2016, p. 16	Art. 4(2)	15% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Appendix I	10%, 20%, 30% in weight	Notes 5 and 6 Appendix I	10% in weight for textile trimmings and accessories (exclusion for linings and interlinings)

<b>Mexico</b>	Decision No 2/2000 of the EC-Mexico Joint Council - Annex III	OJ L245 of 29/09/2000, p. 954	Art. 5(3)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Appendix 1	8%, 8%, 30% in weight	Notes 5 and 6 Appendix 1	8% in value (exclusion for linings and interlinings)
<b>Morocco</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L336 of 21/12/2005, p. 1 (amended in OJ L248 of 22/09/2010 and OJ L17 of 26/01/2016)	Art. 6(2)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	8% in value (exclusion for linings and interlinings)
<b>Overseas Countries and Territories (OCTs)</b>	Council Decision EU/2019/2196 of 19/12/2019 - Annex VI	OJ L337 of 30/12/2019, p. 1	Art. 6	a/ 15% in weight for products of Chapter 2 and Chapters 4 to 24 other than processed fishery products of Chapter 16 b/ 15% in value (HS Chapters 50-63 excluded)	Notes 6 and 7 Appendix I	10%, 20%, 30% in weight	Notes 6 and 7 Appendix I	8% in value
<b>Pacific States</b>	Interim Partnership Agreement - Protocol II	OJ L272 of 16/10/2009, p.569	Art. 6(4)	15% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	10 % in weight for trimmings and accessories (exclusion for linings and interlinings)
<b>Pan-Euro-Mediterranean Convention (PEM)</b>	Regional Convention on pan-Euro-Mediterranean preferential rules of origin - Appendix I	OJ L54 of 26/02/2013, p.8	Art. 5(2)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	8% in value (exclusion for linings and interlinings)
<b>SADC</b>	Economic Partnership Agreement - Protocol I	OJ L250 of 16/09/2016, p. 1924	Art. 8(4)	15% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	8 % in weight for textile trimmings and accessories (exclusion for linings and interlinings)

<b>Singapore</b>	Free Trade Agreement – Protocol 1	OJ L294 of 14/11/2019, p. 659	Art. 5(3)	a/ 10% in weight for products of Chapter 2 and Chapters 4 to 24 other than processed fishery products of Chapter 16 b/ 10% in value (HS Chapters 50-63 excluded)	Notes 6 and 7 Annex A	10%, 20%, 30% in weight	Notes 6 and 7 Annex A	8% in value (exclusion for linings and interlinings)
<b>Syria</b>	Cooperation Agreement - Protocol 2	OJ L269 of 27/09/1978, p.22		No provision	Footnotes 1 and 2 of Annex II, List A	10%, 20%, 30% in weight	Footnotes 1 and 2 of Annex II, List A	10% in weight for textile trimmings and accessories (exclusion for linings and interlinings)
<b>Tunisia</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L260 of 21/09/2006, p.3	Art. 6(2)	10% in value (HS Chapters 50-63 excluded)	Notes 5 and 6 Annex I	10%, 20%, 30% in weight	Notes 5 and 6 Annex I	8% in value (exclusion for linings and interlinings)
<b>Turkey (ECSC products)</b>	Decision No 1/2006 of the EC-Turkey Customs Cooperation Committee -Protocol 1	OJ L 143 of 06/06/2009, p.3	Art. 6(2)	10% in value				
<b>Turkey (agricultural products)</b>	Decision No 3/2006 of the EC-Turkey Association Council, of 19 December 2006, amending Protocol 3 to Decision No1/98 of the EC-Turkey Association Council of 25 February 1998 on the trade regime for agricultural products - Protocol 3		Art. 5(2)	10% in value				

\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

**Andean Countries:** Colombia, Ecuador and Peru

**CARIFORUM:** Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Trinidad and Tobago

**Central America:** Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama

**ESA:** Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe

**Market Access Regulation:** Cameroon (importations from Cameroon to the EU), Ghana and Kenya

**Overseas Countries and Territories:** Greenland, New Caledonia and dependences, French Polynesia, French Southern and Antarctic Territories, Wallis and Futuna Islands, Saint Pierre and Miquelon, Saint-Barthelemy, Aruba, Netherlands Antilles, Anguilla, Cayman Islands, Falkland Islands, South Georgia and the South Sandwich Islands, Montserrat, Pitcairn, Saint Helena and dependences, British Antarctic Territory, British Indian Ocean Territory, Turks and Caicos Islands, British Virgin Islands, Bermuda

**Pan-Euro-Mediterranean Convention (PEM):** Albania, Bosnia and Herzegovina, Egypt, Faroe Islands, Georgia, Iceland, Kosovo\*, Liechtenstein, Montenegro, North Macedonia, Norway, Palestine, Republic of Moldova, Serbia, Switzerland, Turkey and Ukraine

**SADC:** Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland

**Pacific States:** Fiji, Papua New Guinea and Samoa

## B.3 Insufficient Operations

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**This document contains an explanation of the application of insufficient operations. These are operations which are of such a minor importance that they would not confer originating status even if the list rule is fulfilled.**

*Last update: November 2018*

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### 1. Introduction

Sufficient working or processing on the non-originating materials of a product require a certain level of operation to be fulfilled, known as the list rules (see Chapter B.1), for that product to obtain originating status. Irrespective of meeting the conditions of the list rules, all preferential arrangements contain a provision listing the working or processing which is insufficient to confer origin. These insufficient operations are also referred to as minimal operations.

### 2. Definition of Concept

Insufficient operations are those that when carried out either individually or in combination are regarded as being of such minor importance that they never confer originating status when only non-originating materials are used in the production.

Insufficient operations are also important in the context of cumulation as they have an impact on the allocation of origin of the final product.

### 2. General Overview

#### a) Use of non-originating materials

Even when the working or processing carried out on non-originating materials meets the list rule, the final product cannot obtain originating status if that working or processing is listed as an insufficient operation in the relevant provision.

The following insufficient operations are those typically found in preferential arrangements. Each operation on its own, including a combination of two or more operations, is considered as an insufficient operation.

- a. preserving operations to ensure that the products remain in good condition during transport and storage;
- b. breaking-up and assembly of packages;
- c. washing, cleaning; removal of dust, oxide, oil, paint or other coverings;
- d. ironing or pressing of textiles;
- e. simple painting and polishing operations;
- f. husking, partial or total bleaching, polishing, and glazing of cereals and rice;
- g. operations to colour sugar or form sugar lumps;

- h. peeling, stoning and shelling, of fruits, nuts and vegetables;
- i. sharpening, simple grinding or simple cutting;
- j. sifting, screening, sorting, classifying, grading, matching; (including the making-up of sets of articles);
- k. simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;
- l. affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;
- m. simple mixing of products, whether or not of different kinds;
- n. mixing of sugar with any material;
- o. simple assembly of parts of articles to constitute a complete article or disassembly of products into parts;
- p. slaughter of animals

Not all preferential arrangements contain the same list of insufficient operations, so the relevant list should be consulted.

The list of insufficient operations contained in each preferential arrangement is exhaustive. An operation which is not mentioned in the list of a particular preferential arrangement cannot be considered as an insufficient operation.

### **Interpretation of the term “simple”**

Some of the listed operations can be clearly identified as insufficient operations, such as the affixing of a label on the product. However, there are also some operations that need to be assessed further as they contain the term “simple”, e.g. “simple assembly”.

Some preferential arrangements contain a definition of “simple”:

*“simple describes activities which need neither special skills, nor machines, apparatus, or equipment especially produced or installed for carrying out the activity”<sup>3</sup>.*

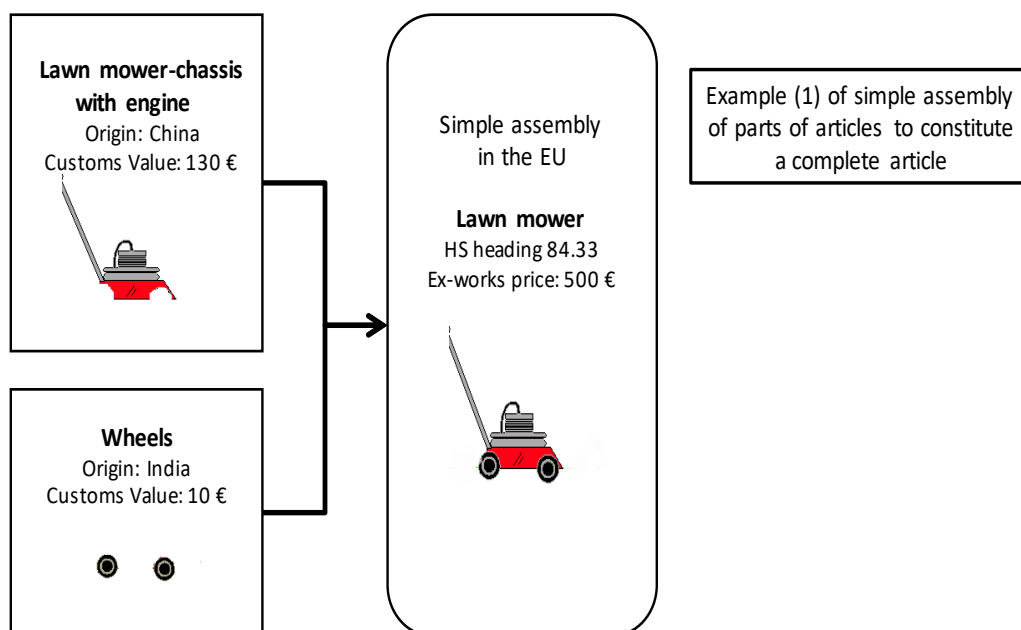
Although the precise wording may be different in preferential arrangements the key elements, such as “special skills” or “machines” being necessary, are consistent in all cases where a definition is provided.

This definition may give guidance for the interpretation of the term “simple” in cases where such a definition is not contained in the relevant preferential arrangement.

**Example:** for “simple assembly” according to article 6(1)(n) of the Origin Protocol to the EU-Korea FTA:

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<sup>3</sup> EU-Korea FTA Explanatory Notes



- Simple assembly of parts of articles to constitute a complete article [e.g. Article 6 (1) n) of the Origin Protocol of the EU-Korea FTA].
- Product satisfies the list rule for HS heading 84.33 (column 4).
- Only non-originating materials are insufficiently worked or processed.
- Lawn mower is not originating in the EU.

*List rule for HS heading 84.33 in the EU-Korea FTA – Manufacture in which the value of all [non-originating] materials used does not exceed 45 % of the ex-works price of the product.*

*In this example, non-originating materials represent 28 % of the ex-works price of the final product meeting the requirement of the list rule but the processing undertaken is insufficient to confer preferential origin on the final product.*

### **b) Use of originating and non-originating materials**

When determining the origin of a final product, all the steps in the manufacturing process should be taken into account.

Generally, under the provision on insufficient operations the text refers to:

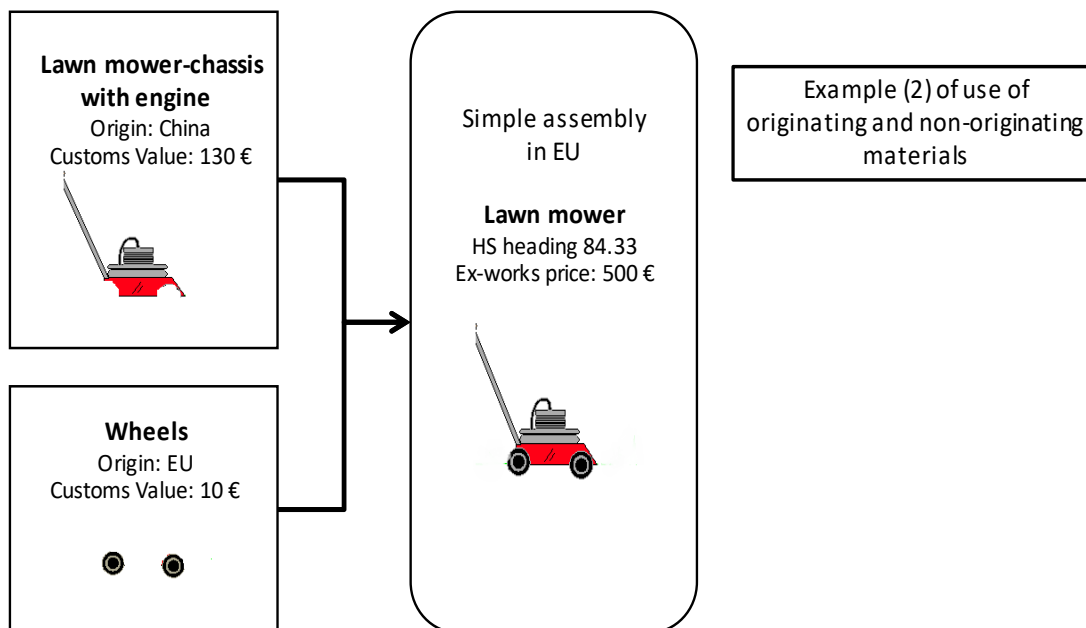
"All operations carried out in the exporting Party on a given product shall be considered together when determining whether the working or processing undergone by that product is to be regarded as insufficient within the meaning of paragraph [list of insufficient operations]".

Where the above text is not in the preferential arrangement (e.g. EU-Japan EPA) it is nevertheless stated that insufficient operations only apply if carried out on non-originating materials.

Irrespective of the wording used, it means that there is already more than an insufficient operation if at least one material is originating in the exporting Party and is used in the production of the final product (regardless of the value of that material).

The fact that more than an insufficient operation is carried out is not in itself sufficient to confer preferential originating status. The list rules (see Chapter B.1) must also be fulfilled for the final product to obtain originating status.

**Example:** use of originating and non-originating materials according to article 6(2) of the Origin Protocol to the EU-Korea FTA:



- Simple assembly in the EU of originating and non-originating parts to constitute a complete article [e.g. Article 6 (1)(n) of the Origin Protocol of the EU-Korea FTA]
- Product satisfies the list rule for HS heading 84.33 (column 4)
- More than an insufficient operation because of the use of EU originating materials [Article 6 (2) of the Origin Protocol of the EU-Korea FTA]
- Lawn mower is originating in the EU.

### 3. Particularities

The definition of the term "simple" is provided in the following preferential arrangements:

- GSP
- EU-Korea FTA (Explanatory Notes)
- EU-Singapore FTA
- CETA
- EU-Japan EPA

CETA: The definition of "simple" further requires that the skills, machines, apparatus, or tools used must also contribute to the product's essential characteristics or properties. For more information see the guidance on CETA.

[https://ec.europa.eu/taxation\\_customs/sites/taxation/files/ceta\\_guidance\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/ceta_guidance_en.pdf)

## B.4 Approved Exporter

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**This document contains a brief description of approved exporter status and provides a link to the guidance on Approved Exporters**

*Last update: January 2019*

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### 1. Introduction

The approved exporter is a status allowing self-certification of preferential origin of goods by economic operators exporting under certain EU preferential arrangements.

### 2. General Overview

An approved exporter is an exporter who has met certain conditions imposed by the customs authorities and who is allowed to make out invoice/origin declarations. The approved exporter status simplifies export formalities by allowing the approved exporter to certify the preferential origin of goods himself by including a specific declaration on the invoice or another commercial document identifying the exported products. Thus, the approved exporter is not obliged to apply upon each export to the customs authorities for the issue of a movement certificate EUR.1 or EUR-MED. The application for the approved exporter status is a one-off formality, where the exporter provides the customs authorities with the necessary information. Once the authorisation is granted, it is valid for all exports of the covered originating goods during the period of the authorisation.

As the customs authorities can grant approved exporter status, they can also withdraw it if the exporter misuses or abuses the authorisation. The provisions on the approved exporter status are laid down in Articles 67 and 120 of Commission Implementing Regulation (EU) No 2015/2447 (UCC IA) and relevant provisions of the EU preferential arrangements.

For more information see the guidance on [Approved Exporters](#).

## B.5 Registered Exporter

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**This document contains a brief description of Registered Exporter System and provides a link to the guidance on Registered Exporter System.**

*Last update: January 2019*

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### 1. Introduction

The Registered Exporter System (the REX system) is the system of self-certification of preferential origin of goods that was first introduced in the Generalised System of Preference (GSP) of the European Union. Progressively, the REX system is being applied in the context of the EU's other preferential arrangements. CETA, the free trade agreement between the EU and Canada is the first such agreement followed by the EPA with Japan.

### 2. General Overview

The REX system is based on a principle of self-certification by economic operators who are making out preferential origin documents (statement on origin or origin declaration). To be entitled to make out a preferential origin document, an economic operator has to be registered in a database by the competent authority. Once registered, the economic operator becomes a "Registered Exporter".

The REX system is not only the underlying IT system which is used for the registration of exporters but also the term used to designate a system of self-certification of preferential origin of goods as a whole,.

For more information see the guidance on Registered Exporter System:

[https://ec.europa.eu/taxation\\_customs/sites/taxation/files/registered\\_exporter\\_system\\_rex\\_-\\_guidance\\_document\\_v1\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/registered_exporter_system_rex_-_guidance_document_v1_en.pdf)

## B.6 Territorial Requirements

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**This document contains a description of the territorial requirements including returned goods, direct transport and exhibitions.**

*Last update: March 2019*

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### 1. Introduction

Goods with a preferential origin must be produced within the territory described in the relevant trade arrangement. That territory will be composed of the EU territory and the territory of the country or countries covered by the arrangement<sup>4</sup>. There are certain exceptions that allow work on goods to take place outside of that territory.

The territorial requirements do not prevent originating goods transiting third countries and keeping their originating status. However, certain conditions may apply.

### 2. Principle of territoriality and returned goods

#### Definition of concept

The principle of territoriality is enshrined in all preferential trade arrangements.

In order to obtain originating status the working or processing on a good must be carried out without interruption in the territory of the European Union or in the territory of the country or countries covered by the preferential arrangement. Originating goods leaving the territory of the European Union or the territory of the country or countries covered by the preferential arrangement lose their originating status.

However, there may be exceptions to this principle.

- a) Originating goods might be exported to a country that is outside the territory covered by a preferential arrangement and then returned to the exporting country.
- b) For various reasons, such as modern manufacturing processes or for economic purposes, it can be advantageous to undertake operations in third countries and therefore exceptions may be allowed to the principle of territoriality. Some preferential arrangements allow such external working or processing, provided it conforms to certain specified conditions. Failure to comply with the specific conditions will result in the final product being treated as non-originating.

#### General overview

Goods must acquire originating status without interruption in the territories of the countries of the preferential trade area. If originating goods exported to another country outside the preferential trade area are returned to the exporting country they will be considered as non-

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<sup>4</sup> See Annex on territorial scope

originating should those goods be used, altered, worked or processed in another country outside the preferential trade area.

*Example 1:*

*Tyres originating in the European Union (according to the origin rules in the Trade Agreement between the EU and the Andean countries – Colombia, Ecuador and Peru) are exported to the USA where they are processed into wheels. The wheels are later imported to the European Union from the USA. If the wheels are then exported to Colombia, they would not be considered as originating in the European Union as the tyres have been further processed outside the territory of the preferential trade area.*

### **Returned goods**

However, in all preferential arrangements, if it can be demonstrated to the satisfaction of the customs authorities that the goods returned to the exporting country are the same goods as those exported, and have not undergone any operation beyond that necessary to preserve them in good condition while in the third country or while being exported, the goods concerned would keep their originating status.

The exporter requesting the issue of a preferential proof of origin or making out a preferential proof of origin must be able to prove using supporting documents that the returned goods are the same as those exported (e.g. non-manipulation certificate issued by a third country's customs authorities).

*Example 2:*

*Goods originating in the European Union (according to the origin rules in the Pan-Euro-Mediterranean Convention) are exported to Russia. They are later imported to the European Union from Russia without any processing or transformation. If these returning goods are then exported to Serbia, they would still be considered as originating in the European Union as they are the same as those which were previously exported to Russia and they have not undergone any operation beyond that necessary to preserve them in good condition in Russia or while being exported. It is up to the exporter in the EU to demonstrate that the goods are the same as those exported to Russia.*

*Example 3:*

*A tunnelling machine originating in the EU in the context of the EU-Chile Free Trade Agreement is exported to Ecuador from the EU for construction of a metro line in Quito. After 2 years the machine, after being first imported back to the EU, is then exported to Chile but now it has lost its originating status as it has been used in Ecuador.*

### **Goods re-imported after working or processing outside the territory of partner countries**

By exception to the principle of territoriality, some preferential agreements (see annex – Legal basis) make it possible for goods originating in a partner country and exported to a third country to keep their originating status if reimported in the partner country of export after working or processing in the territory of the third country.

The conditions required are:

- the materials are wholly obtained or have undergone working or processing beyond insufficient operations in a partner country prior to export (see Chapter B.3 on Insufficient Operations);
- it is shown that the re-imported goods are the result of working or processing carried out in the third country on the previously exported materials;
- the total added value acquired outside the territory of the partner countries does not exceed 10% of the ex-works price of the final product for which preference is being sought;
- the working or processing done outside the exporting partner country shall be done under the outward processing arrangements or similar arrangements.
- the products are not classified under Chapters 50 to 63 of the HS.

If any of the above conditions cannot be complied with the re-imported goods will be treated as non-originating.

*Example 4:*

Shoes (classified in HS chapter 64 and value of EUR 100/pair) originating in the European Union are exported under the outward processing procedure to Belarus for finishing operations. The shoes are re-imported in the EU where the outward processing procedure is discharged. The value of the shoes is EUR 108/pair. The European Union exporter intends to send the shoes to Switzerland. A proof of preferential origin may be issued or made out in the European Union for these goods in accordance with the provisions of the Pan-Euro-Mediterranean Convention, as the added value in Belarus is less than 10%.

If the final product obtains originating status by applying the general tolerance rule for non-originating materials, the territorial tolerance permitted under this provision cannot additionally be applied. Both tolerance rules cannot be applied together when determining the origin of the final product.

When determining the origin of the final product, working or processing performed outside the territory of the partner countries generally should not be taken into account. Nevertheless, the value-added product list rule applies to the final product and the total value of the working or processing done outside the territory of the partner countries must be taken together with the value of the non-originating materials incorporated in the territory of the partner country concerned. The combined values (the value added outside the territory and the value of the non-originating materials) should not exceed the percentages stated in the list rule set out in the product list rule.

*Example 5: SADC - Electric toothbrushes (HS heading 85.09)*

A rule for electric toothbrushes (HS heading 85.09) requires:

*"Manufacture in which the value of all the [non-originating] materials used does not exceed 30% of the ex-works price of the product"*

Packed electric toothbrushes are to be exported from the EU to South Africa. The unpacked electric toothbrushes of EUR 50 have been manufactured in the EU using non-originating materials of EUR 14. They are originating in the EU as the list rule is met.

They are then exported under the outward processing procedure to Belarus for packaging operations.

The ex-works price of the packed electric toothbrushes returning to the EU from Belarus is EUR 54. They are not originating as the value of the non-originating materials incorporated in the EU (EUR 14) and the value added in Belarus (EUR 4) exceeds the maximum value limit of the list rule (30 % of the ex-work-price) <sup>5</sup>.

### **3. Direct transport, “non-alteration” and “non-manipulation” rules**

#### **Definition of concept**

Goods must be transported directly from one party’s territory to another. The purpose of this rule is to ensure that the goods arriving in the country of import are the same as those which left the country of export.

#### **General overview**

##### a) Direct transport

To benefit from the preference, originating goods must be transported directly from the exporting partner country’s territory to the territory of the European Union (and conversely) without passing through the territory of any third country.

However, goods may be transported through third country’s territories with, should the occasion arise, trans-shipment or temporary warehousing, without losing their originating status, provided they remain under surveillance of the customs authorities in the country of transit or warehousing and do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition.

The importer must be able to prove that this condition is fulfilled, otherwise preferential treatment is denied by the customs authorities irrespective of the originating status of the goods.

Depending on the trade preference arrangement concerned, evidence that the direct transport conditions are complied with can be given by the following:

- a single transport document covering the passage from the exporting country to the importing country through the country of transit<sup>6</sup>;
- a certificate (known as a certificate of non-manipulation) issued by the customs authorities of the country of transit:
  - (i) giving an exact description of the products;
  - (ii) stating the dates of unloading and reloading of the products and, where applicable, the names of the ships, or the other means of transport used; and

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<sup>5</sup> EUR 54 x 30% = EUR 16.20 is less than EUR 4 + EUR 14 = EUR 18

<sup>6</sup> Customs documents authorising the trans-shipment or temporary storage can also be presented according to the trade agreement with the Andean countries (Colombia, Ecuador and Peru).

- (iii) certifying the conditions under which the products remained in the transit country;
- any substantiating documents to the satisfaction of the customs authorities of the importing country<sup>7</sup>.

b) “Non-manipulation” or “non-alteration” rule

In certain preferential arrangements the direct transport rule is defined as a “non-manipulation” or “non-alteration” rule. Under this less cumbersome variation, the splitting of consignments and operations for the adding or affixing marks, labels, seals or any other documentation to ensure compliance with specific domestic requirements are allowed in addition to those of direct transport (unloading, reloading or any operation designed to preserve goods in good condition).

The requirements are deemed to have been met unless the customs authorities have reasons to believe the contrary. In such cases importers may be required to provide evidence of compliance, which can be those documents mentioned for direct transport.

Additionally, other factual or concrete evidence based on marking or numbering of packages or any evidence related to the goods themselves may also be presented.

Under the “non-manipulation” or “non-alteration” rule, the splitting of consignments may take place in a third country where carried out by the exporter or under his responsibility, provided that the goods remain under customs supervision in the country of transit.

If the goods were transported from a feeder vessel and then consolidated with other consignments in a seaport in passage to the European Union, then there should be a transport document (e.g. bill of lading) for each leg of the journey. A document that similarly covers the leg from the consolidating port to the European Union will not be sufficient because the country of export from where the originating goods have left is not known.

## **Particularities**

### Direct Transport in an area where cumulation applies (e.g. Pan-Euro-Mediterranean zone)

The reason for the direct transport rule is to ensure that in principle all working or processing is carried out in partner countries of the cumulation zone and to prevent goods which are in breach of that condition from benefiting from preferential origin. Transportation between two countries of the zone through the territory of other countries of the zone with which cumulation is applicable should not present any difficulties as the transportation is carried out between countries among which cumulation is applicable.

#### *Example 6: cumulation applicable*

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<sup>7</sup> This possibility is not provided for in the Free Trade Agreement between the European Union and Republic of Korea.

Goods originating in North Macedonia are transported by road to Croatia via Serbia. As North Macedonia, Serbia and Croatia (EU) are part of the same SAP cumulation zone the conditions for direct transport are considered to be met, and preferential treatment can be claimed.

*Example 7: cumulation not applicable*

Goods originating in Tunisia are transported to Poland via Algeria. As cumulation is not applicable between Algeria, Tunisia and the EU, the conditions for direct transport must be met for preferential treatment to be claimed.

The [PEM matrix](#) should be checked for the conditions on cumulation and, therefore, whether the conditions of direct transport must be met.

## **4. Exhibitions**

### **Definition of concept**

Special provisions are made for originating products which are sent for exhibition in a country outside the territory covered by the relevant preferential arrangement and sold during or after the exhibition for importation into the European Union or into the territory of the other party of the preferential arrangement.

### **General overview**

In most preferential arrangements, exhibited products that are sold at or after the exhibition in a third country may benefit from preferential treatment provided that it is shown to the satisfaction of the customs authorities that:

- the goods were consigned by an exporter from the European Union or from another partner country to the country of exhibition and were exhibited in that third country;
- they were sold by the exporter to an economic operator in the European Union or another partner country;
- they are consigned during exhibition or immediately after exhibition in the same state as they were sent for exhibition;
- they have not since they were consigned for exhibition been used for any other purpose other than demonstration at the exhibition.

A proof of origin must be submitted to the customs authorities of the importing country. The name and address of the exhibition must be indicated. Where necessary, additional documentary evidence of the conditions under which they were exhibited may be required. Preferential treatment will apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show, provided it is not organised for private purposes and during which the products remain under customs control.

*Example 8:*

Goods originating in the European Union are exported to Mexico for an exhibition. They are under a temporary admission procedure in Mexico. These goods are bought by an economic operator from the CARIFORUM area during the exhibition and sent to him at the end of the

exhibition. A proof of preferential origin may be issued or made out in the European Union for these goods in accordance with the provisions of the EU-CARIFORUM EPA.

## Annex Territorial Requirements - Legal basis

Preferential arrangements	Legal basis	OJ	Territorial requirements				
			Principle of territoriality	Direct transport		Exhibitions	Goods reimported after working or processing
			Legal basis	Legal basis	Comments	Legal basis	Legal basis
<b>Algeria</b>	Euro-Mediterranean Association Agreement - Protocol 6	OJ L297 of 15/11/2007, p.3	Art 12	Art 13		Art 14	Art 12
<b>Andean Countries</b>	Trade Agreement - Annex II	OJ L354 of 21/12/2012, p. 2075	Art 12	Art 13		Art 14	No provision
<b>Andorra (Agricultural products)</b>	Appendix to the Agreement - Decision No 1/2015 of the EU-Andorra Joint Committee	OJ L344 of 30/12/2015, p. 15	Art 10	Art 11		Art 12	Art 10
<b>Cameroon (exportations to) (for importations from Cameroon, see Market Access Regulation decision below)</b>	Decree No 2016/367 of 3 August 2016 of the Republic of Cameroon		Art 12	Art 13		Art 14	No provision

<b>Canada</b>	Comprehensive Economic and Trade Agreement (CETA) - Protocol	OJ L11 of 14/01/2017, p. 465	Art 15	Art 14 + 22		No provision	No provision
<b>CARIFORUM</b>	Economic Partnership Agreement - Protocol I	OJ L289 of 30/10/2008, p. 1805	Art 13	Art 14		Art 15	No provision
<b>Central America</b>	Association Agreement - Annex II	OJ L346 of 15/12/2012, p. 1803	Art 11	Art 12		Art 13	Art 11
<b>Ceuta and Melilla</b>	Council Regulation (EC) No 82/2001 of 5/12/2000	OJ L20 of 20/01/2001, p. 1	Art 12	Art 13		Art 14	No provision
<b>Chile</b>	Association Agreement - Annex III	OJ L352 of 30/12/2002, p. 935	Art 11	Art 12		Art 13	No provision
<b>ESA</b>	Interim Agreement establishing a framework for an Economic Partnership Agreement - Protocol 1	OJ L111 of 24/04/2012, p. 1023	Art 13	Art 14		Art 15	No provision
<b>Generalised System of Preferences (GSP)</b>	Commission Delegated Regulation (EU) 2015/2446 of 28/07/2015 (UCC - DA) - Commission Implementing Regulation (EU) 2015/2447 of 24/11/2015 (UCC-IA)	OJ L343 of 29/12/2015, p. 1 (UCC-DA) p. 558 (UCC-IA)	Art 42	Art 43	Use of the concept of non-manipulation	No provision	No provision
<b>Israel</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L20 of 24/01/2006, p. 1	Art 12	Art 13		Art 14	Art 12
<b>Ivory Coast</b>	Stepping stone Economic Partnership Agreement – Decision 2/2019 of the EPA Committee - Protocol 1	Not published	Art 14	Art 15	Use of the concept of non-alteration	Art 16	Art 14
<b>Japan</b>	Economic Partnership Agreement (chapter 3) + Annex 3A	OJ L330 of 27/12/2018, p. 23	Art 3.2 and 3.11	Art 3.10	Use of the concept of non-alteration	No provision	No provision
<b>Jordan</b>	Euro-Mediterranean Association Agreement - Protocol 3	OJ L209 of 31/07/2006, p. 31	Art 12	Art 13		Art 14	No provision

<b>Korea</b>	Free Trade Agreement - Protocol	OJ L127 of 14/05/2011, p. 1344	Art 12	Art 13		No provision	No provision
<b>Kosovo* - Autonomous measures</b>	Commission Delegated Regulation (EU) 2015/2446 of 28/07/2015 (UCC - DA) - Commission Implementing Regulation (EU) 2015/2447 of 24/11/2015 (UCC-IA)	OJ L343 of 29/12/2015, p. 1 (UCC-DA) p. 558 (UCC-IA)	Art 68	Art 69		Art 70	No provision
<b>Lebanon</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L143 of 30/05/2006, p. 73	Art 12	Art 13		Art 14	No provision
<b>Market Access Regulation decision</b>	Regulation (EU) 2016/1076 of the European Parliament and of the Council of 8/6/2016 - Annex II	OJ L185 of 08/07/2016, p. 16	Art 11	Art 12		Art 13	No provision
<b>Mexico</b>	Decision No 2/2000 of the EC-Mexico Joint Council - Annex III	OJ L245 of 29/09/2000, p. 954	Art 12	Art 13		No provision	No provision
<b>Morocco</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L336 of 21/12/2005, p. 1 (amended in OJ L248 of 22/09/2010 and OJ L17 of 26/01/2016)	Art 12	Art 13		Art 14	Art 12
<b>Overseas Countries and Territories (OCTs)</b>	Council Decision (EU)2019/2196 of 19/12/2019 - Annex VI	OJ L337 of 30/12/2019, p.1	Art 17	Art 18	Use of the concept of non-manipulation	Art 19	No provision
<b>Pacific States</b>	Interim Partnership Agreement - Protocol II	OJ L272 of 16/10/2009, p.569	Art 12	Art 13		Art 14	No provision
<b>Pan-Euro-Mediterranean Convention (PEM)</b>	Regional Convention on pan-Euro-Mediterranean preferential rules of origin - Appendix I	OJ L54 of 26/02/2013, p.8	Art 11	Art 12		Art 13	Art 11

<b>SADC</b>	Economic Partnership Agreement - Protocol I	OJ L250 of 16/09/2016, p. 1924	Article 14	Art 15	Use of the concept of non-alteration	Art 18	Art 14
<b>Singapore</b>	Free Trade Agreement – Protocol 1	OJ L294 of 14/11/2019, p. 659	Art 12	Art 13	Use of the concept of non-alteration	Art 14	No provision
<b>Syria</b>	Cooperation Agreement - Protocol 2	OJ L269 of 27/09/1978, p.22	No provision	Art 5		Art 18	No provision
<b>Tunisia</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L260 of 21/09/2006, p.3	Art 12	Art 13		Art 14	Art 12
<b>Turkey (ECSC products)</b>	Decision No 1/2006 of the EC-Turkey Customs Cooperation Committee - Protocol 1	OJ L 143 of 06/06/2009, p.3	Art 12	Art 13		Art 14	Art 12
<b>Turkey (agricultural products)</b>	Decision No 3/2006 of the EC-Turkey Association Council, of 19 December 2006, amending Protocol 3 to Decision No1/98 of the EC-Turkey Association Council of 25 February 1998 on the trade regime for agricultural products - Protocol 3		Art 10	Art 11		Art 12	No provision

\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

**Andean Countries:** Colombia, Ecuador and Peru

**CARIFORUM:** Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Trinidad and Tobago

**Central America:** Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama

**ESA:** Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe

**Market Access Regulation:** Cameroon (importations from Cameroon to the EU), Ghana and Kenya

**Overseas Countries and Territories:** Greenland, New Caledonia and dependences, French Polynesia, French Southern and Antarctic Territories, Wallis and Futuna Islands, Saint Pierre and Miquelon, Saint-Barthelemy, Aruba, Netherlands Antilles, Anguilla, Cayman Islands, Falkland Islands, South Georgia and the South Sandwich Islands, Montserrat, Pitcairn, Saint Helena and dependences, British Antarctic Territory, British Indian Ocean Territory, Turks and Caicos Islands, British Virgin Islands, Bermuda

**Pan-Euro-Mediterranean Convention (PEM):** Albania, Bosnia and Herzegovina, Egypt, Faroe Islands, Georgia, Iceland, Kosovo\*, Liechtenstein, Montenegro, North Macedonia, Norway, Palestine, Republic of Moldova, Serbia, Switzerland, Turkey and Ukraine

**SADC:** Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland

**Pacific States:** Fiji, Papua New Guinea and Samoa

## B.7 Cumulation

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**This document contains a description of cumulation in which materials originating in one country may be treated as originating in another partner country or region.**

*Last update: June 2019*

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### 1. Introduction

The practice of manufacturing may involve two or more countries and therefore materials originating in other countries could be used in a manufacturing process. In such cases, cumulation makes it easier for economic operators to satisfy the rules of origin.

In this context, cumulation is a facilitation that allows materials originating in one country that is party to a preferential arrangement to be used in the subsequent production in another country that is a party to such a preferential arrangement. In this case the originating materials of the first country can be treated as if they were originating in the latter country for the purposes of determining the origin of the final product.

### 2. Definition of concept

The basic rules of origin specify that only products which are wholly obtained, produced exclusively from originating materials, or are sufficiently worked or processed according to the relevant rules of origin (list rules) may be regarded as originating in that country.

- i) Cumulation does not apply to the basic rule of **wholly obtained products**. However, where the list rule requires the manufacture from wholly obtained products cumulation may apply (for example, olive oil produced in the EU from wholly obtained EU and partner country olives would be originating in the EU when exported to that partner country).
- ii) Where goods are **produced exclusively from originating materials** (EU and/or partner country), cumulation applies to those originating materials of the partner country.
- iii) The **list rules** (see guidance B.1 List rules) specify the working or processing required to be carried out on non-originating materials in order that products produced can be considered as originating. In the case of cumulation, the working or processing carried out in each partner country on originating materials does not need to fulfill the list rule, it is enough that these operations go beyond insufficient working or processing (See guidance B.3 Insufficient operations).

Where non-originating and originating materials are used in the production of the final product, the non-originating materials have to be sufficiently worked or processed according to the list rules regardless of the application of cumulation.

### 3. General overview

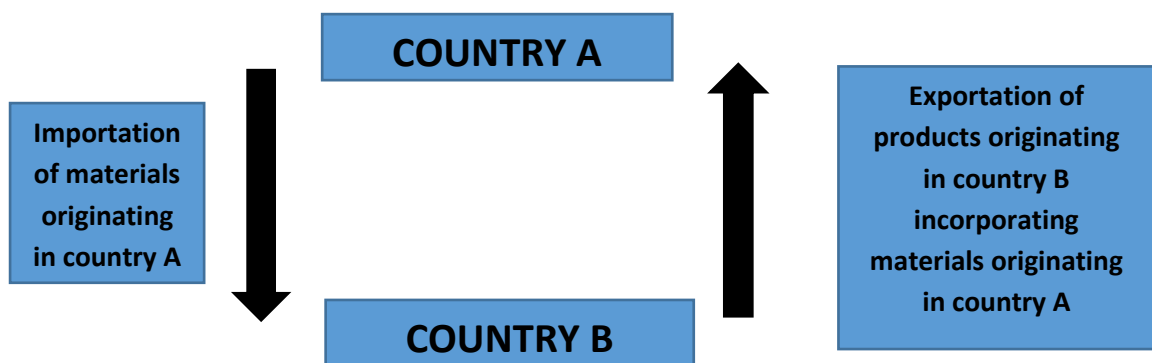
There are three basic types of cumulation in the EU preferential arrangements: bilateral cumulation, diagonal cumulation and full cumulation.

#### A. Bilateral Cumulation

**Bilateral cumulation** is common to most preferential arrangements because they generally contain a provision allowing cumulation of origin. It means that producers in either partner country can use materials originating in the other partner country as if they were originating in their own country.

In order to benefit from bilateral cumulation the working or processing must be carried out on originating materials from the partner country. The working or processing must go beyond insufficient operations in the country of last production to be originating there<sup>8</sup>.

Bilateral cumulation can be explained as follows:



#### **Example 1 (EU-Montenegro - PEM Convention - OJ L54 26/02/2013):**

*A musical instrument classified under HS chapter 92 originating in the EU is sent to Montenegro where it undergoes further working or processing (through varnishing) which goes beyond the minimal operations as set out in Article 3 of Appendix I of the PEM Convention. The final product is originating in Montenegro when exported back to the EU because the working and processing goes beyond insufficient working or processing. Therefore preference can be claimed.*

#### **Example 2 (EU-Bosnia and Herzegovina - PEM Convention - OJ L54 26/02/2013):**

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<sup>8</sup> For CETA it is not necessary to go beyond insufficient operation (see guidance on CETA).

*A pullover classified under HS chapter 61 is manufactured in Bosnia and Herzegovina by sewing together knitted fabrics originating in the EU. According to Appendix I of the PEM Convention between them, the specific rule of origin for pullovers requires manufacturing from yarn in order that origin is conferred to the pullover. If there was no cumulation in the agreement, the manufacturing process of sewing together knitted fabrics in Bosnia and Herzegovina would not confer origin and the pullover would have to be considered as non-originating when exported to the EU. Nonetheless, the pullover is considered to be originating in Bosnia and Herzegovina since it was manufactured from fabrics originating in the EU according to the bilateral cumulation provision in Article 3 of Appendix I of the PEM Convention.*

**Example 3 (EU-Chile Association Agreement – OJ L352 30/12/2002):**

*Cleaning cloths classified under HS sub-heading 6307.10 are manufactured in the EU using fabric originating in Chile and non-originating sewing thread from China. The imported fabric from Chile constitutes 45% of the value of the ex-works-price of the cloth, while the sewing thread accounts for 10%. The list rules of origin require the value of non-originating materials must not exceed 40% of the ex-works-price. EU originating status for the cloth exported to Chile can thus only be achieved in this case through bilateral cumulation with the originating fabric from Chile in accordance with Article 3 of Annex III of the Agreement.*

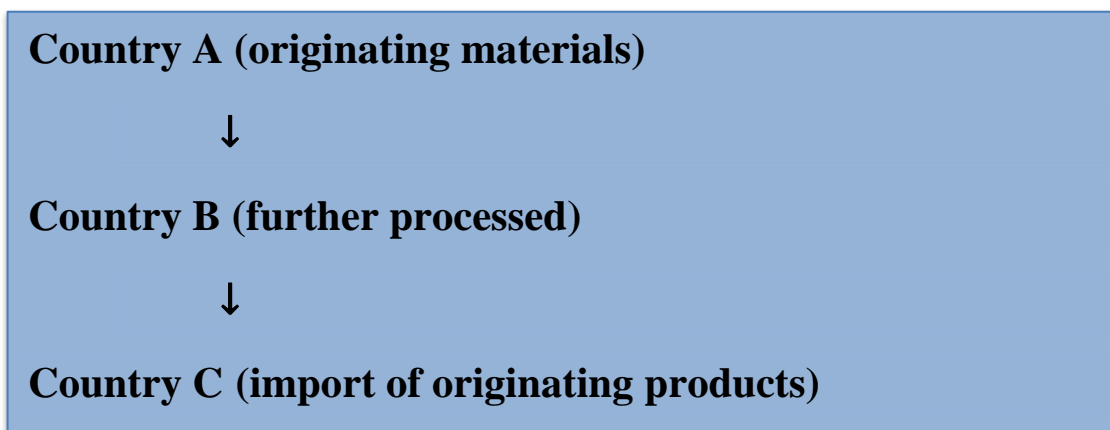
**B. Diagonal Cumulation**

**Diagonal cumulation** operates between more than two countries which have preferential arrangements with each other where provisions exist for such cumulation. Some arrangements, like the PEM Convention, require notices indicating the fulfillment of the necessary requirements to apply cumulation.

In order to benefit from diagonal cumulation the materials must be originating from the countries participating in diagonal cumulation.

The origin of the goods is retained when they only move between countries belonging to the same system of diagonal cumulation without any further working or processing. There are some exceptions to this principle in specific types of diagonal cumulation.

Diagonal cumulation can be demonstrated as follows:



All three countries, countries A, B and C apply diagonal cumulation within their preferential arrangements. Only originating materials from country A are used to produce an originating product in country B for further export to country C. Only more than insufficient operations in country B is enough that the final product obtains origin of country B.

**Example 1 (EU-Switzerland-Albania – PEM Convention – OJ L54 26/02/2013)**

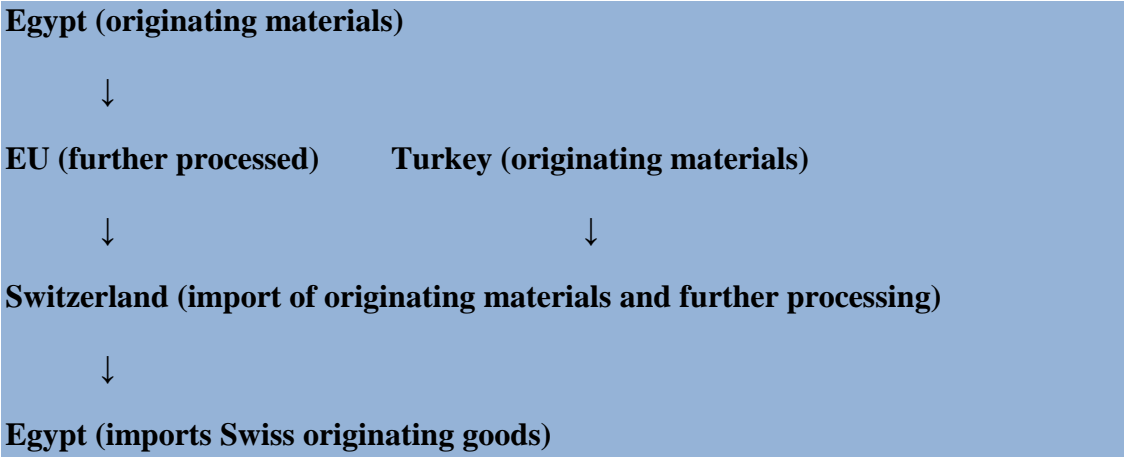
*An operator in Switzerland produces a machine using materials of EU origin and exports the final product to Albania. The final product will have Swiss origin as all necessary preconditions for diagonal cumulation have been met (agreements containing identical rules of origin between EU, CH and AL as well as publication of relevant matrix) and the materials used to produce the machine are already originating in the zone and have undergone more than insufficient operations.*

**Example 2 (EU-Turkey-Switzerland-Egypt – PEM Convention – OJ L54 26/02/2013)**

*An operator in the EU produces a product using materials of Egyptian origin for export to Switzerland. As the necessary preconditions are met (agreements containing identical rules of origin between EG, CH and EU as well as publication of relevant matrix) and the materials used to produce the finished product are already originating in the zone and have undergone more than insufficient operations the product obtains EU origin. In Switzerland the product is incorporated into a machine that also contains components with Turkish origin and is then exported to Egypt.*

*The machine produced in Switzerland has Swiss origin because all the components used to produce it are already originating in the zone and the materials originating in the EU and Turkey have undergone more than insufficient operations. All other preconditions have also been met.*

*If there were no free trade agreement between Egypt and Turkey, Turkish materials would be non-originating.*



**Example 3 (South Africa-EU – Protocol 1 to the SADC Economic Partnership Agreement – OJ L250 19/06/2016)**

*An operator in South Africa manufactures car parts (HS heading 8708) that are exported to the EU. For being more competitive the operator decides to import aluminium. Aluminium is a main element of the car part and represents more than 50% of the ex-works price of the final product. In case aluminium is originating from India (third country), the value-added criteria of the list rule would not be met because the operator would not bring enough added value in South Africa (40% maximum non-originating materials). However, under cumulation, the economic operator could decide to source aluminium from (and originating in) Mozambique, a partner under the SADC EPA. Aluminium would be considered as originating in South Africa<sup>9</sup> and since the processing carried out there would go beyond insufficient operations, the finished product would obtain South African preferential origin when exported to the EU.*

**Regional cumulation**

Regional cumulation is a form of diagonal cumulation, which exists under the Generalised System of Preferences (GSP) and under certain Economic Partnership Agreements with ACP countries (e.g. EU-SADC, EU-ESA, EU-Pacific) and operates between members of a regional group of beneficiary countries (e.g. ASEAN, SADC, etc.).

**Extended cumulation**

Under certain conditions, goods originating in a country with which the EU has a free-trade agreement in force in accordance with Article XXIV of the GATT may be used in the manufacture of a product in the beneficiary country, provided more than a minimum amount of processing is done there - this is known as extended cumulation. This form of cumulation only exists on request under the GSP and within the association of the OCTs with the EU (see under point D in Particularities).

**C. Full Cumulation**

Whereas bilateral and diagonal cumulations only apply to originating materials, full cumulation applies to working and processing on non-originating materials. Full cumulation means that all operations carried out in the partner countries where full cumulation applies are taken into account when assessing the origin of the final product.

Provisions on full cumulation can be found in the PEM cumulation area, but also in other preferential arrangements, for example within Economic Partnership Agreements and CETA.

**Example 1 (Tunisia-Morocco-EU – PEM rules in Protocol 4 to the Euro-Mediterranean Agreement)**

*Chinese yarns are imported into Tunisia where they are manufactured into fabric. The fabric does not qualify for preferential origin if exported to the EU as the rules of origin for fabric require manufacture from fibre (double transformation). The non-originating fabric is exported from Tunisia to Morocco based on a supplier's declaration (for goods which have undergone working in Tunisia without having obtained preferential originating status) where it is*

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<sup>9</sup> Subject to the fulfilment of relevant administrative requirements.

*manufactured into garments. In Morocco, the finished garments obtain preferential origin status because the work carried out in Morocco is combined to the work carried out in Tunisia to produce originating garments. The double transformation requirement is then fulfilled in the territory of the countries benefiting from full cumulation. The final product obtains Moroccan origin and can be exported to the EU under preference.*

**Example 2 (Lesotho-Botswana-EU - EU-SADC Economic Partnership Agreement – OJ L250 16/09/2016)**

*Woven fabric of cotton (HS heading 52.08) is valued at 100 EUR. It is prepared and printed in Botswana and Lesotho from non-originating unbleached and unprinted cotton fabric originating in China and valued at 45 EUR.*

*The applicable product specific rule is:*

*”Printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerizing, heat setting, raising, calendering, shrink resistance processing, permanentfinishing, decatizing, impregnating, mending and burling) where the value of the unprinted fabric used does not exceed 47,5 % of the ex-works price of the product”*

*The material imported from China is scoured and bleached in Lesotho, (value of operations = 25 EUR), and afterwards printed in Botswana (value of operation = 30 EUR). The value of non-originating materials represents 45% of the ex-works price of the product being exported to the EU and, since the processing goes beyond insufficient operations, the final product is originating in Botswana (not Lesotho). The final product gets originating status because the processing carried out in Lesotho is combined with the processing carried out in Botswana to produce the originating woven fabric of cotton.*

## **4. Particularities**

### **A. PEM System**

Detailed information on cumulation within the PEM system can be found in the following documents:

- i) User's Handbook to the rules of Preferential Origin used in the trade between the EU, other European countries and the countries participating to the Euro-Mediterranean Partnership:

[https://ec.europa.eu/taxation\\_customs/sites/taxation/files/resources/documents/customs/customs\\_duties/rules\\_origin/preferential/handbook\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/customs_duties/rules_origin/preferential/handbook_en.pdf)

- ii) Explanatory Notes:

<https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2007:083:0001:0019:EN:PDF>

### **B. GSP**

Detailed information on cumulation within GSP can be found in A Guide for users on GSP rules of origin.

[https://ec.europa.eu/taxation\\_customs/sites/taxation/files/resources/documents/customs/customs\\_duties/rules\\_origin/preferential/guide-contents\\_annex\\_1\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/customs_duties/rules_origin/preferential/guide-contents_annex_1_en.pdf)

## **C. ACP States**

### **1. Economic Partnership Agreements (EPAs)**

The EU has concluded Economic Partnership Agreements (EPAs) as well as Interim Economic Partnership Agreements with ACP States. These provide for bilateral, diagonal and full cumulation.

Consequently, for the purposes of defining the concept of originating products, the territories of the ACP States are considered as one territory. This means that if a manufacturer in an ACP State uses materials from one or more other ACP States, the materials are treated no differently from those obtained in the ACP State in which the manufacture takes place.

Additionally, the EPAs allow for different kinds of cumulation. They provide for;

- Cumulation with materials from Overseas Countries or Territories (OCT)
- Cumulation with materials benefitting from MFN duty free treatment in the EU
- Cumulation with materials benefitting from preferential duty-free and quota-free access to the EU

#### **Cumulation with materials from OCT**

Materials originating in OCT shall be considered as materials originating in the ACP States when the working or processing carried out in the ACP State exceeds insufficient operations (Diagonal cumulation).

Working and processing operations carried out in OCT shall be considered as having been carried out in the ACP States when the materials undergo subsequent working or processing in the ACP States beyond insufficient operations (Full cumulation).

#### **Cumulation with materials benefitting from MFN duty free treatment in the EU**

Cumulation with materials subject to MFN duty-free treatment<sup>10</sup> in the EU is a particular form of cumulation with materials regardless of their origin. Those materials need only to have undergone working or processing going beyond insufficient operations for the materials to be treated as originating.

#### ***Example 1 (EU-SADC Economic Partnership Agreement – OJ L250 16/09/2016)***

*A manufacturer in South Africa imports frozen swine liver (HS sub-heading 0206.41) from the USA, which is MFN zero in the EU. This offal is used as an ingredient to make dog food (HS heading 23.09) for which the rule of origin requires the materials of Chapter 2 to be wholly obtained. All other materials used are originating in South Africa. Through cumulation the offal is treated as an originating material. Therefore, the list rule is fulfilled and the dog food is originating in South Africa under the SADC EPA.*

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<sup>10</sup> Excluding materials subject to EU anti-dumping or countervailing measures and other conditions.

## **Cumulation with materials benefitting from preferential duty-free and quota-free access to the EU**

This type of diagonal cumulation in general applies for materials originating in GSP beneficiary countries, excluding GSP+ countries, that benefit from preferential duty-free and quota-free access to the EU.

For materials benefitting from preferential duty-free and quota-free access to the EU that originate in partner countries with EU preferential arrangements the use of this cumulation, which is subject to certain conditions, requires a request from the ACP State and a favourable decision of the Commission<sup>11</sup>.

In all cases the materials need to be worked or processed beyond insufficient operations.

### **2. Market Access Regulation (MAR)**

Besides the EPAs, the MAR applies in the arrangements for products originating in certain countries which are part of the ACP States for which there is no EPA in force or the EPA has no provisions on the rules of origin.

#### **Cumulation with neighbouring developing countries**

Subject to certain conditions and a request from an ACP state, cumulation with materials originating in "neighbouring developing countries, other than an ACP state, belonging to a coherent geographical entity" is allowed. The cumulation can only be applied if the working or processing carried out in the ACP State goes beyond insufficient operations.

#### **D. Other preferential arrangements**

##### **Overseas Countries and Territories (OCTs)**

For the purpose of defining the concept of origin, OCTs are considered as one territory. This means that if a manufacturer in an OCT uses materials from one or more other OCTs, the materials are treated no differently from those obtained in the OCT in which the manufacture takes place.

Additionally, the OCT allow for different kinds of cumulation as follows:

##### **Cumulation with the EU and Economic Partnership Agreement (EPA) States**

In general bilateral cumulation, diagonal cumulation and full cumulation are applicable.

##### **Cumulation with GSP countries**

In general cumulation with countries benefitting from duty-free and quota-free access to the European Union is applicable under the EU GSP (excluding GSP+ countries).

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<sup>11</sup> No request has been made by an ACP State.

## **Extended cumulation**

The Commission may grant, at the request of an OCT, cumulation of origin with a country with which the EU has a free trade agreement in force.

## Annex: Cumulation applicable in preferential arrangements

Preferential arrangements	Legal basis	OJ	Cumulation				
			Legal basis				
			Bilateral cumulation	Diagonal cumulation	Full cumulation	Regional cumulation	Extended cumulation
<b>Algeria</b>	Euro-Mediterranean Association Agreement - Protocol 6	OJ L297 of 15/11/2007, p.3	Art 3 and 4	Art 3 and 4	Art 3 and 4	No	No
<b>Andean Countries</b>	Trade Agreement - Annex II	OJ L354 of 21/12/2012, p. 2075	Art 3	Art 3 and 4	No	No	No
<b>Andorra (Agricultural products)</b>	Appendix to the Agreement - Decision No 1/2015 of the EU-Andorra Joint Committee	OJ L344 of 30/12/2015, p. 15	Art 3	No	No	No	No
<b>Cameroon (exportations to) (for importations from Cameroon, see Market Access Regulation decision below)</b>	Decree No 2016/367 of 3 August 2016 of the Republic of Cameroon						
<b>Canada</b>	Comprehensive Economic and Trade Agreement (CETA) - Protocol	OJ L11 of 14/01/2017, p. 465	Art 3	no	Art 3	No	No
<b>CARIFORUM</b>	Economic Partnership Agreement - Protocol I	OJ L289 of 30/10/2008, p. 1805	Art 3 and 4	Art 3, 4 and 5	Art 3 and 4	No	No

<b>Central America</b>	Association Agreement - Annex II	OJ L346 of 15/12/2012, p. 1803	Art 3	Art 3	No	No	No
<b>Ceuta and Melilla</b>	Council Regulation (EC) No 82/2001 of 5/12/2000	OJ L20 of 20/01/2001, p. 1	Art 3 and 4	Art 3 and 4	No	No	No
<b>Chile</b>	Association Agreement - Annex III	OJ L352 of 30/12/2002, p. 935	Art 3	No	No	No	No
<b>ESA</b>	Interim Agreement establishing a framework for an Economic Partnership Agreement - Protocol 1	OJ L111 of 24/04/2012, p. 1023	Art 3 and 4	Art 3, 4 and 5	Art 3 and 4	No	No
<b>Generalised System of Preferences (GSP)</b>	Commission Delegated Regulation (EU) 2015/2446 of 28/07/2015 (UCC - DA) - Commission Implementing Regulation (EU) 2015/2447 of 24/11/2015 (UCC-IA)	OJ L343 of 29/12/2015, p. 1 (UCC-DA) p. 558 (UCC-IA)	Art 53 UCC-DA	Art 54 UCC-DA	No	Art 55 UCC-DA	Art 56 UCC-DA
<b>Israel</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L20 of 24/01/2006, p. 1	Art 3 and 4	Art 3 and 4	No	No	No
<b>Ivory Coast</b>	Stepping stone Economic Partnership Agreement – Decision 2/2019 of the EPA Committee - Protocol 1	Not published	Art 7	Art 7 and 8	Art 7 and 8	No	No
<b>Japan</b>	Economic Partnership Agreement - Annex 3A	OJ L330 of 27/12/2018, p. 23	Chapter 3 - Art 3.5	No	Chapter 3 - Art 3.5	No	No

<b>Jordan</b>	Euro-Mediterranean Association Agreement - Protocol 3	OJ L209 of 31/07/2006, p. 31	Art 3 and 4	Art 3 and 4	No	No	No
<b>Korea</b>	Free Trade Agreement - Protocol	OJ L127 of 14/05/2011, p. 1344	Art 3	No	No	No	No
<b>Kosovo* - Autonomous measures</b>	Commission Delegated Regulation (EU) 2015/2446 of 28/07/2015 (UCC - DA) - Commission Implementing Regulation (EU) 2015/2447 of 24/11/2015 (UCC-IA)	OJ L343 of 29/12/2015, p. 1 (UCC-DA) p. 558 (UCC-IA)	Art 59 UCC-DA	No	No	No	No
<b>Lebanon</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L143 of 30/05/2006, p. 73	Art 3	Art 4	No	No	No
<b>Market Access Regulation decision</b>	Regulation (EU) 2016/1076 of the European Parliament and of the Council of 8/6/2016 - Annex II	OJ L185 of 08/07/2016, p. 16	Art 6	Art 6	Art 6	No	No
<b>Mexico</b>	Decision No 2/2000 of the EC-Mexico Joint Council - Annex III	OJ L245 of 29/09/2000, p. 954	Art 3	No	No	No	No
<b>Morocco</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L336 of 21/12/2005, p. 1 (amended in OJ L248 of 22/09/2010 and OJ L17 of 26/01/2016)	Art 3 and 4	Art 3 and 4	Art 3 and 4	No	No

<b>Overseas Countries and Territories (OCTs)</b>	Council Decision (EU)2019/2196 of 19/12/2019 - Annex VI	OJ L337 of 30/12/2019, p.1	Art 7	Art 8 and 9	Art 8 and 9	No	Art 10
<b>Pacific States</b>	Interim Partnership Agreement - Protocol II	OJ L272 of 16/10/2009, p.569	Art 3 and 4	Art 3, 4 and 4bis	Art 3 and 4	No	No
<b>Pan-Euro-Mediterranean Convention (PEM)</b>	Regional Convention on pan-Euro-Mediterranean preferential rules of origin - Appendix I	OJ L54 of 26/02/2013, p.8	Art 3	Art 3	Appendix II - Annexes II, III, IV, IX, X and XI	No	No
<b>SADC</b>	Economic Partnership Agreement - Protocol I	OJ L250 of 16/09/2016, p. 1924	Art 3	Art 4, 5 and 6	Art 3 and 4	No	No
<b>Singapore</b>	Free Trade Agreement – Protocol 1	OJ L294 of 14/11/2019, p. 659	Art 3	Art 3	Art 3	No	No
<b>Syria</b>	Cooperation Agreement - Protocol 2	OJ L269 of 27/09/1978, p.22	Art 1	No	No	No	No
<b>Tunisia</b>	Euro-Mediterranean Association Agreement - Protocol 4	OJ L260 of 21/09/2006, p.3	Art 3 and 4	Art 3 and 4	Art 3 and 4	No	No
<b>Turkey (ECSC products)</b>	Decision No 1/2006 of the EC-Turkey Customs Cooperation Committee -Protocol 1	OJ L 143 of 06/06/2009, p.3	Art 3 and 4	Art 3 and 4	No	No	No
<b>Turkey (agricultural products)</b>	Decision No 3/2006 of the EC-Turkey Association Council, of 19 December 2006, amending Protocol 3 to		Art 3 and 4	Art 3 and 4	No	No	No

Decision No1/98 of the EC-Turkey Association Council of 25 February 1998 on the trade regime for agricultural products - Protocol 3							
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\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

**Andean Countries:** Colombia, Ecuador and Peru

**CARIFORUM:** Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Trinidad and Tobago

**Central America:** Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama

**ESA:** Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe

**Market Access Regulation:** Cameroon (importations from Cameroon to the EU), Ghana and Kenya

**Overseas Countries and Territories:** Greenland, New Caledonia and dependences, French Polynesia, French Southern and Antarctic Territories, Wallis and Futuna Islands, Saint Pierre and Miquelon, Saint-Barthelemy, Aruba, Netherlands Antilles, Anguilla, Cayman Islands, Falkland Islands, South Georgia and the South Sandwich Islands, Montserrat, Pitcairn, Saint Helena and dependences, British Antarctic Territory, British Indian Ocean Territory, Turks and Caicos Islands, British Virgin Islands, Bermuda

**Pan-Euro-Mediterranean Convention (PEM):** Albania, Bosnia and Herzegovina, Egypt, Faroe Islands, Georgia, Iceland, Kosovo\*, Liechtenstein, Montenegro, North Macedonia, Norway, Palestine, Republic of Moldova, Serbia, Switzerland, Turkey and Ukraine

**SADC:** Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland

**Pacific States:** Fiji, Papua New Guinea and Samoa

## B.8 Documents on origin

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**This section contains an explanation of the documents on origin, which covers claims for preferential tariff treatment based on government certificates, self-certification and importer's knowledge.**

*Last update: September 2019*

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### 1. Introduction

All preferential arrangements contain provisions on how to prove and certify that a product qualifies for preferential treatment. In general, a claim for preferential tariff treatment is required to be supported by a document on origin, which must be presented to the customs authority of the importing country upon request.

### 2. Definition of the concept

The different preferential arrangements require specific documents on origin. Economic operators are recommended to check which particular document on origin is required to substantiate their claims to preferential origin.

The different types of documents on origin for claiming preferential treatment at import can be divided into:

- government certificates that are issued by the competent authority of the concerned exporting country
- documents that are made out by the exporters by self-certification (for a single consignment and one document on origin to cover multiple consignments of identical products),
- importer's knowledge on the originating status of the concerned goods.

In each preferential arrangement it is defined which documents on origin can be used. Annex I of this Guidance document provides an overview about the possible documents on origin in the different preferential arrangements.

Documents on origin, with the exception of importers knowledge, have a limited life span according to each preferential arrangement. The period starts from the day the document on origin is issued or is made out. There can be circumstances in which the presentation of the document on origin may be accepted after the time period ends.

In some cases documents on origin can be issued retrospectively. In cases of loss, theft or destruction the exporter can apply for a duplicate of the governmental certificate. In all cases exporters must fulfill the record keeping requirements in the preferential arrangement and comply with national regulations.

Administrative cooperation is common to all preferential arrangements. It allows the competent authorities of partner countries to verify the documents on origin. However, the verification of

preferential claims of origin based on importers knowledge is done directly in the country of import.

Insofar as the preferential arrangement provides the possibility for the issuance of governmental certificates, the partner countries must provide each other with the specimen impressions of the stamps they use to authenticate certificates of origin. This allows customs administrations to make checks on the authenticity of government certificates.

There are exemptions from the requirement for a document on origin, for example, small packages sent from one private person to another up to a specified maximum value. Travelers' personal luggage also benefits from a similar treatment up to a specified maximum value.

As regards the EU's custom unions (Andorra, San Marino and Turkey), the preferential treatment of goods is not based on their originating status but on the fact that the goods comply with provisions on free circulation. This means, that the goods must be either produced in the territory of the customs union or put in free circulation after their importation.

As a result, for the granting of preferential treatment within the customs union a document on origin is not necessary, but a proof of the status of free circulation. These proofs are called "custom union documents". Since these custom union documents are not documents on origin, they are not covered by this section.

### **3. General Overview**

#### **i) Types of documents on origin**

Annex I of this Guidance provides an overview on the possible documents on origin in the different preferential arrangements. Therefore, it is recommended to consult this annex to find out which document on origin is needed. Some preferential arrangements allow the use of different documents on origin.

In general, documents on origin can be classified in three categories. There are those endorsed by the competent authorities, government certificates, those issued by the exporter on commercial documents, self-certification, and importer's knowledge (no document but a claim on the import declaration).

#### **1) Government certificates**

##### **a) EUR.1 movement certificates**

#### **Legal references – examples**

- Article 15 of Appendix I of the PEM Convention (Specimen of EUR. 1: Annex IIIa of Appendix I of the PEM Convention)
- Article 15 of Annex III of EU-Chile Agreement (Specimen of EUR. 1: Appendix III of Annex III)

A movement certificate EUR.1 is a governmental certificate that can be used in preferential trade between the EU and most partner countries with which the EU has signed a Free Trade

Agreement. In addition, there is also the possibility to apply for a movement certificate EUR.1 for imports into the European Union from:

- some of the African, Caribbean and Pacific States based on the Market Access Regulation (EU) No 2016/1076
- the overseas countries and territories (OCT) based on Council Decision No 2013/755/EU
- within the framework of the rules of origin unilaterally adopted by the Union for certain countries or territories according to Article 113 et seqq. UCC-IA (autonomous trade measures).

Furthermore, in trade with PEM countries the movement certificate EUR-MED must be used in particular cases. Under III.A.1.b) of this section it is explained in which cases a movement certificate EUR.1 or a movement certificate EUR-MED shall be applied for.

## **b) EUR-MED movement certificates**

### **Legal reference**

- Article 15 of Appendix I of the PEM Convention (Specimen of EUR-MED: Annex IIIb of Appendix I of the Regional Convention), or
- In agreements of the PEM-Zone that do not have the link to the PEM Convention, but have the respective Article in the Free Trade Agreement (e.g. Article 16 of Protocol No. 4 of the EU-Morocco Agreement).

Like the movement certificate EUR.1, the movement certificate EUR-MED is also a governmental certificate. However, this form is solely used in the framework of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin and in the case of pan-Euro-Mediterranean cumulation.

It is important to distinguish between movement certificates EUR.1 and EUR-MED.

Goods that acquired their originating status by applying pan-euro-med-cumulation shall, in principle, be marked in the EUR-MED certificate accordingly. This is in order to identify all the countries involved in cumulation within the production process, and whether the importing country can grant preferential treatment on the basis of cumulation. Therefore, the EUR-MED certificate must contain either the statement “CUMULATION APPLIED WITH... (name of the country/countries)” or “NO CUMULATION APPLIED”.

### **When to apply for an EUR.1 and when to apply for an EUR-MED**

#### **Legal reference**

- Article 16(4) and (5) of Appendix I of the PEM Convention, or
- Article 16(4) and (5) of Protocol No. 4 on rules on origin of Decision No. 71/2015 of the EEA Joint Committee, or
- In agreements of the PEM-Zone that do not have the link to the PEM Convention, but have the respective Article in the Free Trade Agreement (e.g. Article 17 of Protocol No. 4 of the EU-Morocco Agreement).

The use of the movement certificate EUR.1 or the EUR-MED depends on whether:

- Mediterranean countries, excluding Turkey, are involved.
- diagonal cumulation is applied.
- full cumulation is applied.
- duty drawback is granted.

The PanEuroMed Handbook provides further details on whether the movement certificate EUR.1 or the EUR-MED can be used.

### c) Form A

#### Legal reference

- Article 74 UCC-IA (Specimen of Form A: Annex 22-08 of UCC-IA)

Until 30 June 2020 a limited number of GSP beneficiary countries may continue to use a certificate of origin Form A. A list of those countries is available at:

[https://ec.europa.eu/taxation\\_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/generalised-system-preferences/the\\_register\\_exporter\\_system\\_en](https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/generalised-system-preferences/the_register_exporter_system_en)

### 2) Self-certification documents on origin

Unlike government certificates, which are completed by the exporter on pre-printed forms and endorsed and signed by the competent authorities, self-certification is a declaration by the exporter on a commercial document. These self-certifications can be statements on origin, origin declarations or invoice declarations. Depending on the relevant preferential arrangement and the value of the originating products in the consignment, the EU exporter will usually be required to be authorised or registered (Approved Exporter number or Registered Exporter (REX) number).

Annex I to this Guidance provides an overview on which document on origin can be used in the framework of which preferential arrangement.

#### a) Statement on origin – registered exporter

A statement on origin is a declaration made out by the exporter on the originating status of products on a commercial document. It can be used as a document on origin in the framework of certain Free Trade Agreements (e.g. EU-Japan EPA) or within the GSP. To be entitled to make out statements on origin, an economic operator needs to be registered in the REX system (see [Guidance “Registered Exporter System”](#)) and to have a valid registration. The REX number can be used for all preferential arrangements under which the REX system applies.

However, unregistered exporters (without a REX number) may make out statements on origin for consignments of originating products having a value which does not exceed 6 000 EUR.

#### **In the framework of Preferential Agreements**

## Legal reference

- Article 3.16 of the Economic Partnership Agreement between the EU and Japan (text of statement on origin: Annex 3-D of JEPA)

The Economic Partnership Agreement between the EU and Japan is a bilateral preferential agreement where a statement on origin is used as a document on origin to claim preferential tariff treatment.

## General System of Preferences (GSP)

### Legal reference

- Article 92 UCC-IA (text of statement on origin: Annex 22-07 of UCC-IA)

Since 1 January 2018 only statements on origin can be made out by EU exporters for products exported to a GSP beneficiary country for cumulation purposes.

As from 1 July 2020, all exporters from GSP beneficiary countries wanting to export under GSP will be required to use a statement on origin as the only document on origin. The Form A will no longer be used as from that date.

In this way, GSP switches from governmental certificates (Form A) to documents on origin by the way of self-certification (REX-system).

More information about the REX-system and the transition to the statement on origin for beneficiary countries is available on the website of the European Commission ([REX - Registered Exporter system](#) “Application of the REX system by the GSP beneficiary countries”).

Until 30 June 2020, when the transitional period for replacing the Form A with a statement on origin ends, the following table explains which document on origin can be used for exporters from GSP beneficiary countries.

***When to apply for a certificate of origin Form A and when to make out a statement on origin for exports from a beneficiary country***

	<b>Value of originating products does <u>not</u> exceed EUR 6 000</b>	<b>Value of originating products exceeds EUR 6 000</b>
<b>Country, which does not apply the REX-System effectively while the transitional period has already ended<sup>12</sup></b>	no preferential treatment	no preferential treatment
<b>Country, which started the registration effectively while the transitional period is still ongoing<sup>13</sup></b>	statement on origin	statement on origin (REX) or certificate of origin Form A (NON-REX)
<b>Country, which does not apply the REX-System effectively yet, but for which the transitional period is still ongoing<sup>14</sup></b>	invoice declaration or certificate of origin Form A	certificate of origin Form A
<b>Country, which applies the REX system (transitional period ended)<sup>15</sup></b>	statement on origin	statement on origin (REX)

<sup>12</sup> See [REX - Registered Exporter system](#) for GSP beneficiary countries not applying the REX system (column 2 of table in TAXUD website) and the date of the end of the transitional period (column 3 of table in TAXUD website) is prior to the current date.

<sup>13</sup> See [REX - Registered Exporter system](#) for GSP beneficiary countries applying the REX system (column 2 of table in TAXUD website) and the date of the end of the transitional period (column 3 of table in TAXUD website) is after to the current date.

<sup>14</sup> See [REX - Registered Exporter system](#) for GSP beneficiary countries not applying the REX system (column 2 of table in TAXUD website) and the date of the end of the transitional period (column 3 of table in TAXUD website) is after to the current date.

<sup>15</sup> See [REX - Registered Exporter system](#) for GSP beneficiary countries applying the REX system (column 2 of table in TAXUD website) and the date of the end of the transitional period (column 3 of table in TAXUD website) is prior to the current date.

## **b) Origin declaration / invoice declaration (including EUR-MED) - approved exporter**

### **Legal reference – examples**

- Article 15 of Appendix I of the PEM Convention (text of the origin declaration: Annex IVa and IVb of Appendix I of the PEM Convention)
- Article 15 of Annex III of the EU-Chile Agreement (text of the invoice declaration: Appendix IV of Annex III)
- Article 15 of the origin protocol of the EU-KR Free Trade Agreement (text of the origin declaration: Annex III of the origin protocol)

An invoice declaration or origin declaration is a declaration made out by the exporter on the originating status of products on a commercial document. It may be used as an alternative to government certificates. Exceptions are the EU - Korea Agreement and the EU-Singapore Agreement where only the origin declaration can be used as a document on origin.

To make out an invoice declaration / origin declaration, an economic operator needs an authorisation by the customs administration granting the status of an approved exporter e.g. Article 22 of Appendix I of the PEM Convention. For more information see [Guidance on Approved Exporters](#).

However, exporters without an approved exporter number may make out invoice declarations / origin declarations for consignments of originating products having a value (ex-works price) which does not exceed EUR 6 000 (in case of OCT the value is EUR 10 000). For cases where the products are invoiced in a currency other than euro, see the individual agreements e.g. Article 30 of Appendix I of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin.

Information on which preferential arrangements provide for origin or invoice declarations can be found in Annex I.

In trade with countries of the Pan-euro-med-Zone (PEM countries), under the same circumstances in which the movement certificate EUR-MED or EUR.1 is used, the invoice or origin declaration EUR-MED may be required instead of the invoice or origin declaration.

The PanEuroMed Handbook provides further details on whether the invoice or origin declaration and the invoice or origin declaration EUR-MED invoice can be used.

## **c) Origin declaration - registered exporter (CETA)**

### **Legal reference**

- Article 18 of the EU-Canada CETA origin protocol - (text of the origin declaration: Annex 2 of the CETA origin protocol)

An origin declaration made out by an EU REX exporter is only used in CETA.

The CETA origin protocol refers to the internal legislation of the Parties as regards the conditions that must be fulfilled by an exporter making out an origin declaration or a long-term origin declaration (section C). In the EU, Article 68(1) UCC-IA provides for the Registered

Exporter System (REX). For more information about the REX-System please see the [Guidance on the Registered Exporter System \(REX\)](#).

Furthermore, Guidance on CETA is published on the website of the European Commission.

Exporters without a REX number may, nevertheless, make out an origin declaration for a consignment of originating products of a value not exceeding EUR 6 000 (ex-works) - Article 68 (4) UCC-IA.

#### **d) Multiple shipments of identical products**

##### **Legal reference – examples**

- Article 3.17 (5) of the Economic Partnership Agreement between the EU and Japan (text for statement on origin: Annex 3-D of EU-Japan EPA)
- Article 19 (5) of the EU-Canada CETA origin protocol (text of the origin declaration: Annex 2 of the CETA origin protocol)

In most preferential arrangements a document on origin is valid for one single shipment of products. However, in some agreements e.g. EU-Japan EPA, there is the possibility for the exporter to make out a document on origin that is valid for multiple shipments of identical originating products within a defined period of time not exceeding 12 months.

A document on origin for multiple shipments of identical products provides a facilitation for exporters sending identical products as, within the given time period, only one document on origin is needed covering all products, instead of separate documents on origin for each individual consignment.

The wording of the documents on origin for multiple shipments of identical products is the same as the single documents on origin, set out in the preferential agreement, with the addition of a defined period.

The preferential agreements refer to the internal legislation of the Parties as regards the conditions that must be fulfilled by an exporter completing a document on origin for multiple shipments of identical products. In the EU, the Registered Exporter System (REX) applies according to Article 68 UCC-IA.

For more information about the REX-System please see the [Guidance on the Registered Exporter System \(REX\)](#). An exporter to which a REX-number has not been assigned cannot make out a document on origin for multiple shipments of identical products.

Furthermore, there is an ["EU-Japan EPA Guidance: Statement on Origin for multiple shipments of identical products"](#) published on the Website of the Commission (Taxation and Customs Union > Business > International affairs > Japan). This provides guidance as well on what is meant by "identical products".

##### *Particularity for CETA:*

*In the framework of CETA, only EU exporters may make out an origin declaration for multiple shipments of identical products. The option is not available for Canadian exporters.*

*Where the origin declaration is completed by a Canadian exporter with the dates mentioned in field 1 of Annex 2 of the CETA Origin Protocol, customs authorities in the EU will accept the origin declaration but only for the first consignment.*

### 3) Importer's knowledge

#### Legal reference

- Article 3.18 of the EU- Japan EPA

“Importer's knowledge” allows the importer to claim preferential tariff treatment based on its own knowledge about the originating status of imported products. This possibility exists in the context of preferential trade between Japan and the European Union.

Importer's knowledge is based on information in the form of supporting documents or records provided by the exporter or manufacturer of the product, which are in the importer's possession. This information must provide valid evidence that the product qualifies as originating. As the importer is making a claim using his own knowledge, no document on origin from the exporter is required at import and no action pertaining to the preferential origin of goods in the exporting Party will be undertaken.

The importer using “importer's knowledge” does not need to be registered in the REX database. For more information please consult the ["EU-Japan EPA Guidance: Importer's knowledge"](#) which is published on the Website of the European Commission (Taxation and Customs Union > Business > International affairs > Japan).

#### ii) Application/Issuance of movement certificates (EUR.1 / EUR-MED)

##### Legal references – examples

- Article 16 of Appendix I of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin
- Article 16 of Annex III of EU-Chile Agreement

##### Explanatory notes:

- **PEM-Zone:** Explanatory Notes concerning the Pan-Euro-Mediterranean protocols on rules of origin (OJ 2007/C 83/01 and OJ 2007/C 231/04)
- **Chile:** Explanatory Notes concerning Annex III – Definition of the concept of originating products and methods of administrative cooperation – to the Agreement establishing an Association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part (OJ 2003/C 321/06 and OJ 2005/C 56/05)
- **Mexico:** Explanatory notes concerning Annex III of the EC-Mexico Agreement – Decision 2/2000 of the EC-Mexico Joint Council (OJ 2001/C 128/10 and OJ 2004/ C 40/02)

A movement certificate EUR.1 or EUR-MED is issued by the competent authorities of the exporting country based on an application having been made in writing by the exporter or, under the exporter's responsibility, by his authorised representative.

In principle, only one document on origin shall be issued for one consignment of goods.

*Particularity with Pan-Euro-Med*

*More than one document on origin may be issued for one consignment if it consists of:*

- i) goods from different countries of origin, or*
- ii) goods some of which acquired originating status with cumulation and others without, or*
- iii) cumulation with different countries is applied, or*

The exporter or his authorised representative must fill in both the movement certificate and the application form. The application form is found on the second sheet of the movement certificate. The customs authorities of the exporting country will retain this part when they stamp the movement certificate.

If the exporter is using an authorised representative, this representation shall be apparent from the movement certificate or at least from the application form.

The original and the application of the movement certificate must be signed in writing. If the application is being filled-in by hand, it must be completed in ink. The reverse side of the movement certificate is for official purposes only and is not to be completed by the exporter.

The exporter applying for the issue of a movement certificate has to be prepared to submit at any time at the request of the customs authorities of the exporting country where the movement certificate is issued, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of other requirements of the preferential agreement. For preferential purposes, any natural or legal person who is able to prove the originating status of the goods can be the exporter.

The application form must be supported<sup>16</sup> by all the documents that are necessary to prove the origin of the goods (e.g. supplier's declarations, calculations, lists of parts used, purchase invoices, sales invoices, import documentation).

The competent authorities issuing movement certificates must take any steps necessary to verify the originating status of the products and the fulfilment of the other requirements of the preferential arrangement. For this purpose, they have the right to call for any evidence and to carry out any inspection of the exporter's accounts or any other check considered appropriate.

The competent authorities will also ensure that the forms are duly completed. In particular, they will check whether the space reserved for the description of the products has been completed in such a manner as to exclude the possibility of fraudulent additions. Erasures not certified or words written over are not allowed. Any other modifications on the form are only permitted if they are confirmed by the competent authority by an official stamp.

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<sup>16</sup> In certain Member States the supporting documents must be attached to the application form and in other Member States provided upon request.

A movement certificate will be issued by the competent authorities and made available to the exporter as soon as actual exportation has been effected or ensured. This is the case when the corresponding export declaration has been made.

Annex – Proof of Origin – legal basis

Preferential arrangements	Proof of Origin									
	KIND OF PROOF		SYSTEM OF SELF-CERTIFICATION USED IN THE EU		PERIOD OF VALIDITY		EXCEPTIONS FROM PROOF OF ORIGIN			
	Comments	Legal basis	Comments	Legal basis	N° months	Legal basis	Small packages		Personal luggage	
							Amount (EUR)	Legal basis	Amount (EUR)	Legal basis
<b>Algeria (DZ)</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> <li>• Movement certificate EUR-MED</li> <li>• Invoice declaration EUR-MED</li> </ul>	Art. 16	Approved exporter (over 6.000 EUR)	Art. 23	4	Art. 24	500	Art. 27	1200	Art. 27
<b>Andean Countries</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul>	Art. 15	Approved exporter (over 6.000 EUR)	Art. 21	12	Art. 22	<u>Import to EU:</u> 500 EUR	Art. 25	<u>Import to EU:</u> 1200 EUR	Art. 25
							<u>Import to Andean:</u> 2000 USD		<u>Import to Andean:</u> 1000 USD	
<b>Andorra (AD) [Agricultural products]</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Origin declaration</li> </ul>	Art. 14	Approved exporter (over 6.000 EUR)	Art. 21	4	Art. 22	500	Art. 24	1200	Art. 24
<b>Cameroon (for exportations only. For importations look at MAR)</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1-CMR</li> <li>• Origin declaration</li> </ul>		Approved exporter (over 6.000 EUR)	DECREE 2016/367/0 3-08-2016	10		500		1200	
<b>Canada (CA)</b>	<ul style="list-style-type: none"> <li>• Single origin declaration</li> <li>• Long-term origin declaration (currently only for imports to CA)</li> </ul>	Art. 18	Registered exporter (over 6.000 EUR)	Art. 19 CETA & Art. 68 UCC-IA	12	Art. 20	<u>Import to EU:</u> 500 EUR	Art. 24 CETA & Art. 68 UCC-IA	<u>Import to EU:</u> 1200 EUR	Art. 24 CETA & Art. 68 UCC-IA
							<u>Import to CA:</u> 1600 CAD	& Art. 103 UCC-IA	<u>Import to CA:</u> No Limit	& Art. 103 UCC-IA
<b>CARIFORUM</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul>	Art. 16	Approved exporter (over 6.000 EUR)	Art. 22	10	Art. 23	500	Art. 26	1200	Art. 26

<b>Central America</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul>		Art. 14	Approved exporter (over 6.000 EUR)	Art. 20	12	Art. 21	500	Art. 24	1200	Art. 24
<b>Ceuta (XC) and Melilla (XL)</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul>		Art. 16	Approved exporter (over 6.000 EUR)	Art. 22	4	Art. 23	500	Art. 26	1200	Art. 26
<b>Chile (CL)</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul>		Art. 15	Approved exporter (over 6.000 EUR)	Art. 21	10	Art. 22	500	Art. 25	1200	Art. 25
<b>ESA</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul>		Art. 16	Approved exporter (over 6.000 EUR)	Art. 22	10	Art. 23	500	Art. 27	1200	Art. 27
<b>Generalised System of Preferences (GSP) [export from EU for the purpose of cumulation]</b>	<ul style="list-style-type: none"> <li>• Statement on origin</li> </ul>		Art. 92 UCC-IA	Registered exporter (over 6.000 EUR)	Art. 78 UCC-IA	12	Art. 99 UCC-IA	500	Art. 103 UCC-IA	1200	Art. 103 UCC-IA
<b>Generalised System of Preferences (GSP) [Import to EU]</b>	<b>Country, which does not apply the REX-System while the transitional period has already ended</b>	No preferential treatment	None	None	None	None	None	None	None	None	None
	<b>Country, which started the registration while the transitional period is still ongoing</b>	<ul style="list-style-type: none"> <li>• Statement on origin</li> <li>• Certificate of origin Form A (&gt; EUR 6000; Non-REX)</li> </ul>	Art. 79 UCC-IA	Registered exporter (over 6.000 EUR)	Art. 78 UCC-IA	12	Art. 99 UCC-IA	500	Art. 103 UCC-IA	1200	Art. 103 UCC-IA
						10	Art. 94 UCC-IA				

	<b>Country, which does not apply the REX-System yet, but for which the transitional period is still ongoing</b>	<ul style="list-style-type: none"> <li>• Certificate of origin Form A</li> <li>• Invoice declaration (≤ EUR 6000)</li> </ul>	Art 74, 75 UCC-IA	None	None	10	Art. 94 UCC-IA	500	Art. 97 UCC-IA	1200	Art. 97 UCC-IA
	<b>Country, which applies the REX system (transitional period ended)</b>	• Statement on origin	Art. 92 UCC-IA	Registered exporter (over 6.000 EUR)	Art. 78 UCC-IA	12	Art. 99 UCC-IA	500	Art. 103 UCC-IA	1200	Art. 103 UCC-IA
<b>Israel (IL)</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> <li>• Movement certificate EUR-MED</li> <li>• Invoice declaration EUR-MED</li> </ul>		Art. 16	Approved exporter (over 6.000 EUR)	Art. 23	4	Art. 24	500	Art. 27	1200	Art. 27
<b>Ivory Coast</b>	<b>Import to EU (till end 2022)</b> <ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul> <b>Import to the Ivory Coast</b> <ul style="list-style-type: none"> <li>* invoice declaration</li> </ul>		Art 17	Approved exporter (over 6.000 EUR)	Art 21	10	Art 23	500	Art 26	1200	Art 26
<b>Japan (JP)</b>	<ul style="list-style-type: none"> <li>• Single statement on origin</li> <li>• Long-term statement on origin</li> <li>• Importer's knowledge</li> </ul>		Art. 3.16 & Art. 3.17	Registered exporter (over 6.000 EUR)	Art. 3.17 & Annex 3-D & Art. 68 UCC-IA	12	Art 3.17	<u>Import to EU:</u> 500 EUR	Art. 3.20	<u>Import to EU:</u> 1200 EUR	Art. 3.20
								<u>Import to Japan:</u> 100,000 YEN		<u>Import to Japan:</u> 100,000 YEN	
<b>Jordan (JO)</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> <li>• Movement certificate EUR-MED</li> <li>• Invoice declaration EUR-MED</li> </ul>		Art. 16	Approved exporter (over 6.000 EUR)	Art. 23	4	Art. 24	500	Art. 27	1200	Art. 27
<b>Korea (KR)</b>	• Origin declaration		Art. 15	Approved exporter (over 6.000 EUR)	Art. 17	12	Art. 18	<u>Import to EU:</u> 500 EUR	Art. 21	<u>Import to EU:</u> 1200 EUR	Art. 21
								<u>Import to KR:</u> 1000 USD		<u>Import to KR:</u> 1000 USD	

<b>Kosovo (XK)* - Autonomous measures</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul>	Art. 113 UCC-IA	Approved exporter (over 6.000 EUR)	Art. 120 UCC-IA	4	Art. 121 UCC-IA	500	Art. 122 UCC-IA	1200	Art. 122 UCC-IA
<b>Lebanon (LB)</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul>	Art. 16	Approved exporter (over 6.000 EUR)	Art. 22	4	Art. 23	500	Art. 26	1200	Art. 26
<b>Market Access Regulation decision (including Cameroon, Cote d'Ivoire and Ghana)</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul>	Art. 14	Approved exporter (over 6.000 EUR)	Art. 20	10	Art. 21	500	Art. 25	1200	Art. 25
<b>Mexico (MX)</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul>	Art. 15	Approved exporter (over 6.000 EUR)	Art. 21	10	Art. 22	500	Art. 25	1200	Art. 25
<b>Morocco (MA)</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> <li>• Movement certificate EUR-MED</li> <li>• Invoice declaration EUR-MED</li> </ul>	Art. 16	Approved exporter (over 6.000 EUR)	Art. 23	4	Art. 24	500	Art. 27	1200	Art. 27
<b>Overseas Countries and Territories (OCTs)</b>	<ul style="list-style-type: none"> <li>• Statement on origin</li> </ul>	Art. 41	Registered exporter (over 10.000 EUR)	Art. 36	12	Art. 42	500	Art. 44	1200	Art. 44
<b>Pacific States</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Invoice declaration</li> </ul>	Art. 15	Approved exporter (over 6.000 EUR)	Art. 21	10	Art. 22	500	Art. 25	1200	Art. 25
<b>Pan-Euro-Mediterranean Convention (PEM)</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Origin declaration</li> <li>• Movement certificate EUR-MED</li> <li>• Origin declaration EUR-MED</li> </ul>	Art. 15	Approved exporter (over 6.000 EUR)	Art. 22	4	Art. 23	500	Art. 26	1200	Art. 26
<b>SADC</b>	<ul style="list-style-type: none"> <li>• Movement certificate EUR.1</li> <li>• Origin declaration</li> </ul>	Art. 19	Approved exporter (over 6.000 EUR)	Art. 25	10	Art. 26	500	Art. 29	1200	Art. 29

<b>Singapore</b>	• Origin declaration	Art. 16	Approved exporter (over 6.000 EUR)	Art. 17	12	Art. 19	500	Art. 22	1200	Art. 22
<b>Syria (SY)</b>	• Movement certificate EUR.1 • Form EUR 2 (postal consignments < 1000 units of account)	Art. 6	None	None	5 (EUR.1)	Art. 11	60 units of account	Art. 17	200 units of account	Art. 17
<b>Tunisia (TN)</b>	• Movement certificate EUR.1 • Invoice declaration • Movement certificate EUR-MED • Invoice declaration EUR-MED	Art. 16	Approved exporter (over 6.000 EUR)	Art. 23	4	Art. 24	500	Art. 27	1200	Art. 27
<b>Turkey (TR) [ECSC products]</b>	• Movement certificate EUR.1 • Invoice declaration • Movement certificate EUR-MED • Invoice declaration EUR-MED	Art. 16	Approved exporter (over 6.000 EUR)	Art. 23	4	Art. 24	500	Art. 27	1200	Art. 27
<b>Turkey (TR) [agricultural products]</b>	• Movement certificate EUR.1 • Invoice declaration • Movement certificate EUR-MED • Invoice declaration EUR-MED	Art. 16	Approved exporter (over 6.000 EUR)	Art. 23	4	Art. 24	500	Art. 27	1200	Art. 27

\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

**Andean Countries:** Colombia, Ecuador and Peru

**CARIFORUM:** Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Trinidad and Tobago

**Central America:** Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama

**ESA:** Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe

**Market Access Regulation:** Cameroon (importations from Cameroon to the EU), Ghana and Kenya

**Overseas Countries and Territories:** Greenland, New Caledonia and dependences, French Polynesia, French Southern and Antarctic Territories, Wallis and Futuna Islands, Saint Pierre and Miquelon, Saint-Barthelemy, Aruba, Netherlands Antilles, Anguilla, Cayman Islands, Falkland Islands, South Georgia and the South Sandwich Islands, Montserrat, Pitcairn, Saint Helena and dependences, British Antarctic Territory, British Indian Ocean Territory, Turks and Caicos Islands, British Virgin Islands, Bermuda

**Pan-Euro-Mediterranean Convention (PEM):** Albania, Bosnia and Herzegovina, Egypt, Faroe Islands, Georgia, Iceland, Kosovo\*, Liechtenstein, Montenegro, North Macedonia, Norway, Palestine, Republic of Moldova, Serbia, Switzerland, Turkey and Ukraine

**SADC:** Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland

**Pacific States:** Fiji, Papua New Guinea and Samoa



## B.9 Supplier's declaration

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**This document contains a brief description of the concept of supplier's declarations and provides a link to the guidance on Supplier's Declaration.**

*Last update: November 2019*

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### 1. Introduction

Preferential origin documents can be issued or made out for goods on the basis of information and documents proving their originating status. One such document is a supplier's declaration where suppliers provide buyers with information necessary to determine the originating status of goods for the purposes of preferential trade between the EU and certain countries.

### 2. General Overview

A supplier's declaration is a declaration by which a supplier provides information to his customer concerning the originating status of goods with regard to the specific preferential rules of origin. Notwithstanding the invoicing, the supplier is the person who has control and the knowledge of the originating status over the delivered goods.

By making out a supplier's declaration, the supplier declares the originating status of the goods he provides to his customer who needs this information to certify the preferential origin of the goods he exports. The exported goods are either the finished product from the supplier or a product incorporating the delivered material.

Where the supplier's declaration has been provided and is required by the exporter, it shall be kept for use in the following cases:

1. Applications for the issue of movement certificates EUR.1 or EUR-MED.
2. The making out of an invoice/origin declaration, an invoice/origin declaration EUR-MED or a statement on origin.

The supplier's declaration can also support the making out of a subsequent supplier's declaration when the goods are sold, delivered or transferred between suppliers. Suppliers' declarations are mainly used for deliveries of goods within the European Union. However, suppliers' declarations in trade with some partner countries of the European Union are also possible.

A supplier's declaration may never be used as a document on origin for claiming preferential treatment at importation.

For more information see the [guidance on supplier's declaration](#).