

EU preferential rules of origin

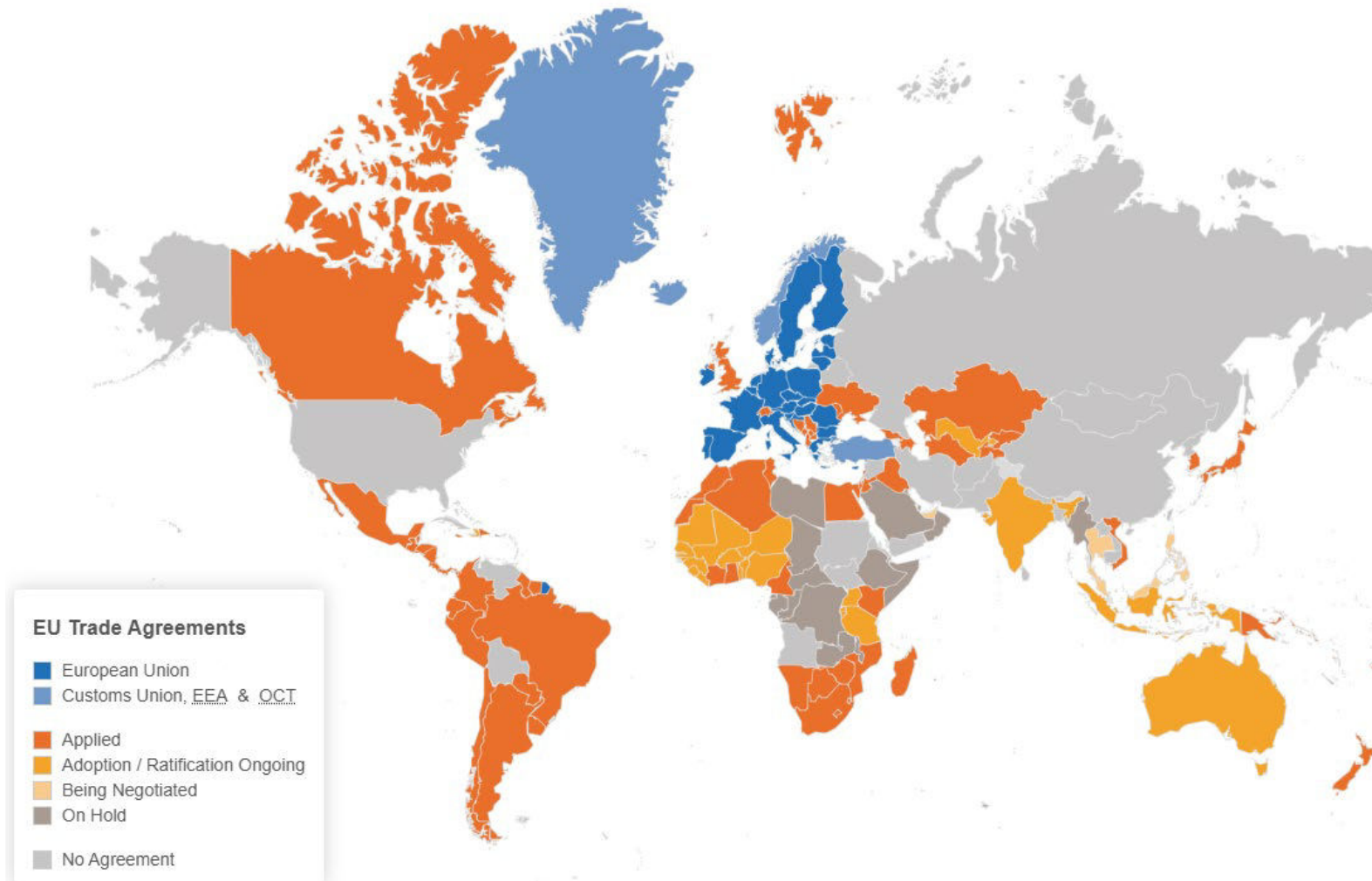
EU-SADC EPA

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Why preferential rules of origin are needed?

- To define the nationality of a product
- Ensure that the right products benefit from tariff preferences.
- The parties determine conditions, based on a principle of sufficient or substantial transformation,
- An originating product receives a tariff preference under an FTA or EPA

EU preferential rules of origin



https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/negotiations-and-agreements_en

What are “originating products”?

- **Wholly obtained, e.g.**
 - Animals born and raised or plants grown and harvested
 - Products obtained from fishing or hunting
 - Extracted mineral products
- **Sufficient working or processing**
 - Meeting the product specific rules of origin (PSR)
 - More than insufficient working or processing

Wholly obtained products

- **Vegetables & fruits** where they have been **harvested**
- **Animals** where they were **born and raised (or products thereof)**
- **Minerals** where they were **extracted** from their soil or seabed
- **Products extracted from marine soil or subsoil** outside their territorial waters provided that they have sole rights to work that soil or subsoil
- **Waste and scrap** from manufacturing operations or derived from used products

Wholly obtained products

- **Fish products** are wholly obtained when:
 - caught within the **territorial waters**; or
 - caught by a vessel that:
 - is registered in an EU Member State or in a SADC EPA State;
 - sails under the flag of an EU Member State or of a SADC EPA State; and
 - is owned 50% by a national or a company of an EU Member State or of a SADC EPA State

Sufficient working or processing

Types of product specific rules

1. A value-added rule
 2. Change in tariff classification
 3. Specific working or processing
 4. Manufacture from materials of any heading
- Combinations may exist as well

Value-added rule

- **Value -added rule:** determines the maximum value of non-originating materials in the final product's ex works price (the remainder being the “value-added”)
- **“Manufacture in which the value of all the materials used does not exceed [X]% of the ex-work price of the product”**

8487	Machinery parts, not containing electrical connectors, insulators, coils, contacts or other electrical features, not specified or included elsewhere in this Chapter	Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the product	
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Change in Tariff Classification

- The final product may not have the same tariff classification in Harmonised System (HS) as the non-originating materials used.
 - HS level may vary: heading (4 digits), sub-heading (6 digits) or even the whole chapter (2 digits).
- Manufacture from materials of any heading except that of the product

ex Chapter 40	Rubber and articles thereof; except for:	Manufacture in which all the materials used are classified within a heading other than that of the product
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Processing rules or manufacture from certain products

- Production from wholly obtained materials (e.g. for agri products)

ex Chapter 20	Preparations of vegetables, fruit, nuts or other parts of plants; except for:	Manufacture in which all the fruit, nuts or vegetables used must be wholly obtained	
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- Production from a specific type of good

5106 to 5110	Yarn of wool, of fine or coarse animal hair or of horsehair	Manufacture from ⁽⁵⁾ — raw silk or silk waste carded or combed or otherwise prepared for spinning, — natural fibres not carded or combed or otherwise prepared for spinning, — chemical materials or textile pulp, or — paper-making materials
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Processing rules or manufacture from certain products

- Specific processing

ex 2515	Marble, merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape, of a thickness not exceeding 25 cm	Cutting, by sawing or otherwise, of marble (even if already sawn) of a thickness exceeding 25 cm
ex 4102	Raw skins of sheep or lambs, without wool on	Removal of wool from sheep or lamb skins, with wool on

Manufacture from materials of any heading

- The most flexible rule of origin

ex 0910

Mixtures of spices

Manufacture from materials of any heading

Alternative rules

- For some products, exporters may choose which rule of origin to apply for a single product:

ex 3803	Refined tall oil	Refining of crude tall oil	Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the product
8403 and ex 8404	Central heating boilers other than those of heading No 8402 and auxiliary plant for central heating boilers	Manufacture in which all the materials used are classified within a heading other than heading No 8403 or 8404	Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the product

Combined rules

- For some products, the different types of rules are combined:

ex 7616	Aluminium articles other than gauze, cloth, grill, netting, fencing, reinforcing fabric and similar materials (including endless bands) of aluminium wire, and expanded metal of aluminium	Manufacture in which: — all the materials used are classified within a heading other than that of the product. However, gauze, cloth, grill, netting, fencing, reinforcing fabric and similar materials (including endless bands) of aluminium wire, or expanded metal of aluminium may be used; — the value of all the materials used does not exceed 50 % of the ex-works price of the product
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Insufficient working or processing

- Certain operations cannot confer originating status, even if the PSR is complied with.
- A product cannot become originating if the producer has not done more than the following operations:
 - preserving operations; breaking-up or assembly of packages; washing or cleaning; simple painting and polishing; peeling, stoning and shelling, of fruits, nuts and vegetables; simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging; ...
- But..... What is SIMPLE?

Operations for which neither special skills nor especially produced or installed machines, apparatus or equipment are needed.

Example: simple assembly

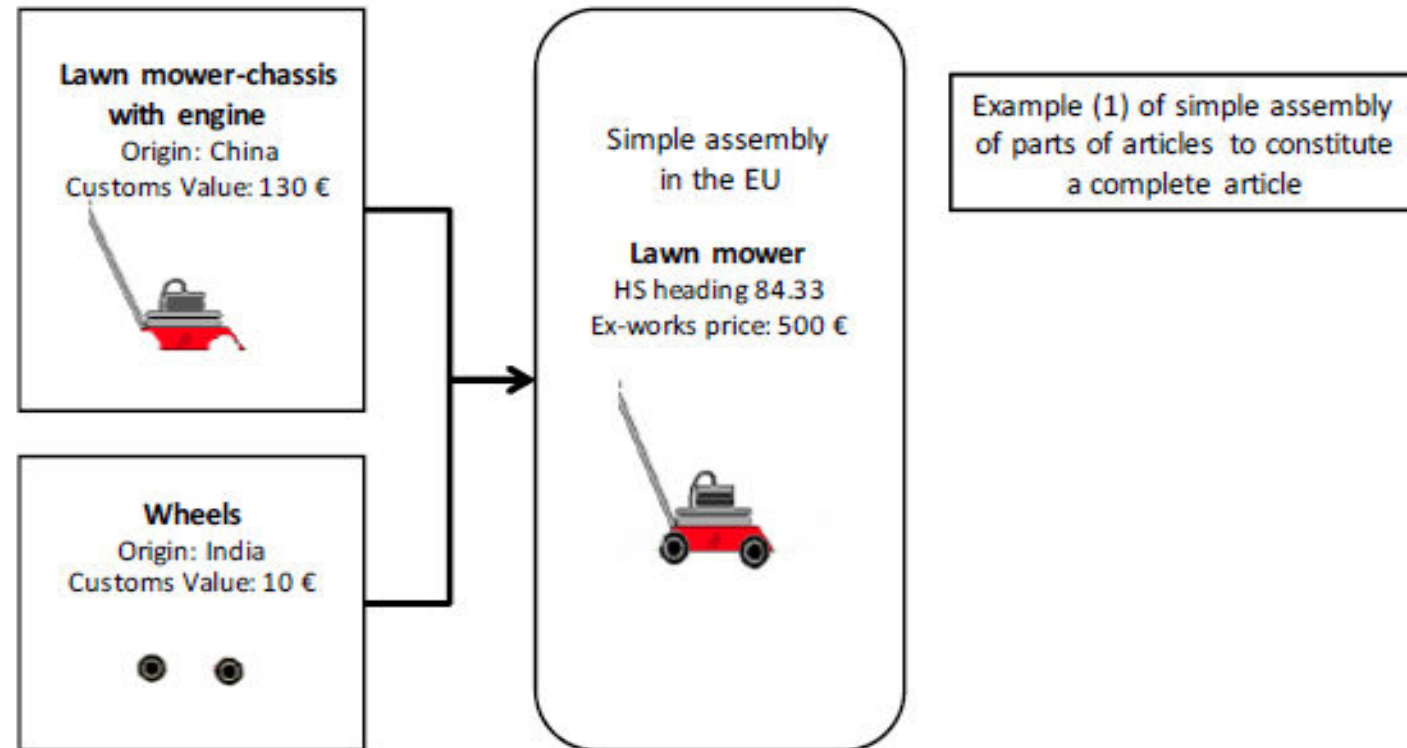
ex Chapter 84

Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof; except for:

Manufacture in which:

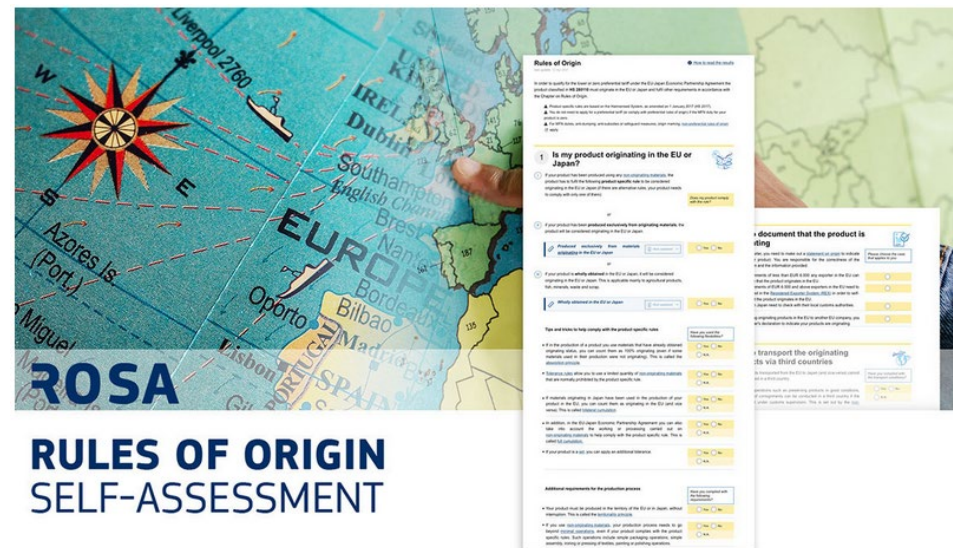
- all the materials used are classified within a heading other than that of the product;
- the value of all the materials used does not exceed 40 % of the ex-works price of the product

Manufacture in which the value of all the materials used does not exceed 30 % of the ex-works price of the product



Rules of origin self assessment tool

Useful tool for operators to determine whether their product meets the rules of origin



Access2Markets: <https://trade.ec.europa.eu/access-to-markets/en/home>

ROSA: <https://trade.ec.europa.eu/access-to-markets/en/content/presenting-rosa>

Thank you



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