

A User's Handbook

**to the Rules of Preferential Origin used in
trade between the European Community,
other European Countries and the countries
participating to the Euro-Mediterranean
Partnership**

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PREFACE

The aim of this Handbook is to provide a broad explanation to traders, students and anyone else looking for information on the preferential origin rules currently used in trade between the European Community, a large number of other European Partners and the Mediterranean countries participating to the Euro-Mediterranean partnership.

Therefore it is inevitable that there will be parts of this book which will contain information already well known to many of its users but which will be completely new to others. However, it will hopefully prove to be useful and informative overall to everyone who consults it.

The Handbook is divided into two distinct parts and has two appendices at the end. The first part addresses basic questions concerning origin while the second part concentrates on explaining the provisions of the origin protocols. This structure was felt to be necessary in order that those users who are unfamiliar with the subject of origin can start to better understand it through reading the first part. The explanations in the second part follow the order of the articles in the Origin Protocols that provide the legal basis for the origin rules.

Finally, as this is a handbook for users it is confined to the practical application of the provisions of the Protocols. Therefore the historical and legal background and the economic theory behind customs relations, etc., have not been touched on as they fall outside the scope of a practical handbook.

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GENERAL INFORMATION

This Handbook has no legal status. It is intended for information purposes only. The system of preferential rules of origin described in this Handbook is based on the legal provisions set out in the Agreements between the European Community and most of its European and Mediterranean trading partners.

The rules of preferential origin described in this Guide apply to trade between the **European Community, Bulgaria, Iceland, Norway, Romania, Switzerland (including Liechtenstein), the Faeroe Islands, Turkey, Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Tunisia and Palestinian Authority of the West Bank and Gaza Strip.**

In the future other countries may be integrated in to the system.

The system of preferential origin rules described in this Handbook is commonly referred to as the "pan-Euro-Mediterranean cumulation system" of origin rules. That term has no legal significance.

The terms "zone" or "pan-Euro-Med zone" are to be taken to mean the territories of the countries operating the pan-Euro-Mediterranean cumulation of origin rules unless otherwise stated. Likewise references to "partners" and "partner countries" are to be understood as meaning the countries operating the system of origin rules unless otherwise stated. None of those terms have any legal significance.

The term 'countries with which cumulation is applicable' refers to those countries of the Pan-Euro-Med zone which signed free trade agreements with each other and those agreements include a Pan-Euro-Med origin protocol.

Examples in this Handbook are to be taken purely as illustrating how the system works in practical terms.

The Protocol used in this Handbook to illustrate and explain the system is that between the EC and Switzerland. However the origin requirements in all the Origin Protocols to the Agreements between the EC and the other countries referred to above, are almost identical. The existing differences between the protocols are explained in the handbook.

Appendix 1 contains a list of the Official Journals of the European Union where the Origin Protocols with the different countries operating the system have been published.

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PART 1

INFORMATION
CONCERNING THE
CONCEPT OF ORIGINATING
PRODUCTS

1. WHAT IS ORIGIN?

Simply put, origin is the "economic" nationality of goods traded in commerce. It is necessary to determine the nationality and tariff classification of goods (see [Question 6](#) below for a brief explanation of tariff classification) in order to be able to determine the duties and equivalent charges or any customs restrictions or obligations applicable to them. There are two kinds of origin, **non-preferential** and **preferential** and the customs treatment of goods at importation is determined by the origin they have.

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2. WHAT IS NON-PREFERENTIAL ORIGIN?

Non-preferential origin merely confers an "economic" nationality on goods and does not confer any benefit on them. Non-preferential origin is obtained either by the goods being "wholly obtained" (The concept of "wholly obtained" is explained in the explanation for [Article 5](#).) in one country or, when two or more countries are involved in the manufacture of a product, origin is obtained in the country where the last substantial, economically justified working or processing is carried out. Non-preferential origin is used, for example, in determining whether or not goods are subject to anti-dumping measures or quantitative restrictions and for statistical purposes. It can also be used to determine origin in the context of the "origin marking" (i.e. the "made in" label) of goods.

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3. WHAT IS PREFERENTIAL ORIGIN?

Preferential origin is conferred on goods from particular countries when they have fulfilled certain criteria. Preferential origin criteria generally demand that goods undergo more working or processing than is required to obtain non-preferential origin. However, wholly obtained goods (See explanation to [Article 5](#)) can also benefit from preferential origin status. Preferential origin confers certain benefits on goods traded between countries that have agreed such an arrangement, usually entry at a reduced rate or free of duty.

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4. CAN ALL PRODUCTS BENEFIT FROM PREFERENTIAL ORIGIN?

In theory all products can benefit from preferential origin. In reality a country will not grant preferences to goods which it considers to be sensitive to its industries therefore such matters must be negotiated between the parties to an agreement. With regard to the Agreements covered by this Handbook, certain goods are excluded from the terms of the preferences offered. Therefore, please remember to always confirm that your goods are amongst those that are covered in the Agreement between your country and that of your trading partner.

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5. WHERE CAN I FIND OUT IF MY GOODS QUALIFY FOR PREFERENTIAL TREATMENT?

In order to have preferential origin goods must fulfil the conditions of the Origin Protocol concerning the definition of the concept of "originating products". It means that the goods must either be wholly obtained (See explanation to [Article 5](#)) or undergo a certain amount of working or processing. Annexed to each origin protocol is a list of the working or processing each product must undergo in order to obtain preference.

([Appendix I](#), to this Handbook, lists (with links) the various Official Journals of the EU in which the different origin protocols are published).

That list is based on the tariff classification of products in the Harmonized System (HS). So before being able to determine what processing your product must undergo it is necessary to know the HS tariff classification. (See [question No. 6](#), which discusses tariff classification in more detail). Further information on how to read the annex on processing can be found in the reply to [Question 2](#) in the explanation to Article 6 and in Annex I attached to each Origin Protocol.

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6. WHAT IS TARIFF CLASSIFICATION?

Although tariff classification is itself a highly specialised field in the context of customs it is necessary to briefly discuss its meaning and significance here. Tariff classification derives from a system that has been devised to identify every item traded, be it something as simple as natural clay for the manufacture of pottery or the most up-to-date piece of medical equipment. In order to accomplish this, every item must be assigned a tariff code.

Tariff codes are listed in the national tariffs of every country. In the case of all the countries and groupings concerned by this Handbook the classification system is based on the Harmonized Commodity Description and Coding System, also known as the "Harmonized System" or the "HS". The HS is broken down into 97 "Chapters" which are further broken down into 4 digit "headings".

Based on its tariff classification in combination with its origin, all duties or equivalent charges, preferences, quotas and ceilings, etc, can be determined for any product. In certain instances the tariff classification and non-preferential origin are both required (for example in the case of anti-dumping measures).

In the context of preferential origin it is essential to know the correct tariff heading as the working or processing required to obtain origin is also determined on the basis of the HS system. The list of origin conferring operations set out in Annex II to each Protocol lists products according to their classification in the HS.

It is therefore of vital importance that the correct tariff code is assigned to goods, otherwise problems and difficulties will arise for the exporter and/or importer. It must also be stressed that it is up to the trader to ensure that the correct tariff heading is assigned to his goods.

If you do not know the correct tariff classification of your goods you may approach your local customs office which will be able to assist you. However, in order for the customs to be in a position to help you, you must be able to clearly describe your product, detailing its constituent materials, its function, and, if required to do so, provide illustrative literature describing it.

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7. ARE THERE ANY CRITERIA OTHER THAN WORKING OR PROCESSING THAT HAVE TO BE FULFILLED?

Besides the requirements concerning working or processing there are also strict definitions concerning what is meant by "nationality" in the context of origin. This is especially crucial when determining the origin of fish and fish products. The explanation of [Article 5](#) in Part 2 of this Handbook deals with "nationality" in the context of origin in more detail.

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8. WHAT IS CUMULATION?

The annex to the Origin Protocol ("**Annex II**") setting out the processes required to obtain origin outlines what must be done to a product for it to benefit from preferential origin. However in modern manufacturing it is quite common for two or more different sources in different countries to be involved in the production of goods. In cases where two or more countries operate the same rules of origin and have free trade agreements between them they can **cumulate origin**.

In the context of the Agreements covered by this Handbook, cumulation means that products that have obtained originating status in one partner country may be used with products originating in another partner country without prejudice to the preferential status of the finished product.

In the case of cumulation the working or processing carried out in each partner country on originating products does not have to be 'sufficient working or processing' within the meaning of [Article 6](#) in order to confer on the finished product, the origin of the partner country but it **must** go beyond the minimal operations in [Article 7](#).

Example 1:

A product, wholly obtained in the Community is sent to Switzerland where it is further processed. The finished products will have Swiss origin provided that the working or processing carried out in Switzerland goes beyond the minimal operations set out in Article 7. If the finished article is exported from Switzerland to the European Community it will be considered as having Swiss origin.

Example 2:

An incomplete machine originating in the Community is sent to Norway where it undergoes further working or processing going beyond the minimal operations set out in Article 7.

The machine is then sent to Switzerland where once again it undergoes working or processing going beyond the minimal operations of Article 7. The machine is completed and finished in Switzerland.

The product that leaves the Community has EU origin when it enters Norway. The working or processing carried out in Norway, being more than minimal, gives the product Norwegian origin. The final product has Swiss origin because the working and processing there is more than minimal

Non-originating materials or components must be sufficiently worked in order to obtain origin before they can benefit from the cumulation provisions laid down in the Agreements under consideration.

Example 3:

Woven cotton fabric of Indian origin is imported into the EU. It is simply cut into shapes before being exported to Switzerland where the shapes are sewn together to produce men's or boys' shirts. All the finishing operations are carried out in Switzerland.

The final products will be considered as non-originating and will not benefit from the provisions of the EC- Switzerland Agreement. That is because the rule applicable to men's or boys' shirts of HS heading 6205 specifies that in order to obtain preferential origin production within the zone must, at least, start from yarn. As the yarn has already been woven into fabric in India, shirts manufactured from it will not obtain preferential origin.

Example 4:

Citrus fruits of Chapter 8 are imported into the EU from the United States. In the EU they are used to produce fruit juices of Heading 2009. Firstly they fulfil the change of heading criteria and they also fulfil the requirement that the materials of Chapter 17 do not exceed 30% of the ex-works price of the product. In this case the fruit juices obtain origin because the non-originating fruit has been sufficiently processed.

The condition that the goods being cumulated must be originating is designed to encourage the development of industry in the zone.

There are three varieties of cumulation concerned by this Handbook, **bilateral cumulation, diagonal cumulation and full cumulation.**

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9. WHAT IS BILATERAL CUMULATION?

Bilateral cumulation is operated between two partners. It means that producers in either partner country can use materials and components originating in the other's country as if they originated in their own country and operations carried out in one partner country can be aggregated with the operations carried out in another partner country to confer originating status on goods traded between them. (The \Leftrightarrow symbol indicates a bilateral agreement).

Diagram A

Country A ⇔ Country B

Example 1:

Linen fabric, originating in the EC, is exported to Egypt where it is cut and made into garments for men and women. The garments are exported to the EC.

Because the fabric is originating in the EC it is treated as originating in Egypt when made into garments there. The finished garments have Egyptian preferential origin. (Under diagonal cumulation (see [Question 10](#) below), they could also be exported to any of the other associated countries with Egyptian preferential origin.)

Example 2:

Milk, wholly obtained in Switzerland is exported to Germany where it is processed into cheese for export to Switzerland.

The milk is treated as if it were of EC origin. As all the processes involved in producing the cheese were carried out on an originating product (the milk), the finished product has satisfied the rules of origin and has EC origin. (If sent to another partner country of the pan-Euro-Mediterranean cumulation zone, the cheese would also have EC origin, but under the terms of diagonal cumulation).

It should be noted that even though goods may obtain origin by virtue of bilateral cumulation, they will retain their origin if traded with another partner country of the system, **not** under bilateral cumulation **but under diagonal cumulation**. (See the next question).

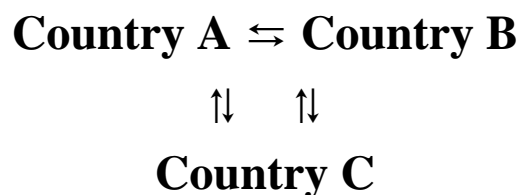
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10. WHAT IS DIAGONAL CUMULATION?

Diagonal cumulation operates between more than two countries. If countries A, B and C have agreements with each other and each operates identical origin rules concerning the working or processing of non-originating materials, country A can apply diagonal cumulation in its trade with the other two partners, if their agreements provide for such cumulation.

For example, originating products from countries B and C can be used to produce an originating product in country A. The imports into Country A from countries B and C are under the bilateral agreements existing between Country A and the other two. However because all three countries operate an identical system of origin rules the originating status of all the components can be added together to retain the originating status of the final product. This is illustrated by diagram B, below.

Diagram B



From the diagram it is clear that the three countries in the transaction are bound together by Agreements (indicated by the \Leftrightarrow and \Updownarrow symbols) between them. Each country must have identical origin rules with each of the other two countries concerned. It is not sufficient that Country A alone applies identical origin rules with the other two, they too must apply the same origin rules between themselves. **A COUNTRY CAN ONLY OPERATE CUMULATION WITH THOSE COUNTRIES WITH WHICH IT HAS AN ORIGIN PROTOCOL PROVIDING FOR SUCH CUMULATION AND CONTAINING IDENTICAL ORIGIN RULES.**

In order to benefit from diagonal cumulation the working or processing must be carried out on originating products.

Example 1:

Norway has agreements with Switzerland and Turkey providing for cumulation and containing identical origin rules. Switzerland also has a similar agreement with Turkey that contains the same origin rules it operates with Norway.

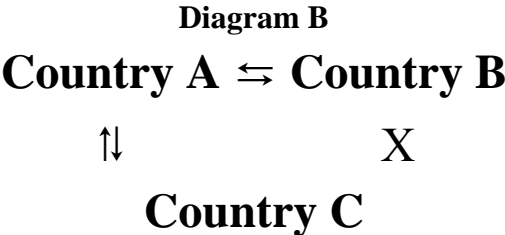
Therefore, Norway can use originating products from Turkey and Switzerland to make a product that will have Norwegian origin.

In another scenario Country A produces an originating product using originating materials from Country B. The product finished in Country A is then exported to Country C where it is incorporated into another product along with originating materials from a fourth country, Country D. All four countries have agreements with each other that provide for cumulation and they apply identical origin rules between themselves and as all the materials and components have originating status the final product is also originating.

Example 2:

Egypt produces an originating product using components that have EC origin. The finished product will have Egyptian origin. The Egyptian product is then exported to Switzerland where it is incorporated into a machine that also contains components with Turkish origin. The machine produced in Switzerland has Swiss origin because all the components used to produce it are already originating in the zone and the components originating in Egypt and Turkey have been more than minimally worked or processed (See the explanation of [Article 7](#) for more information on minimal processing).

If one of the countries of the zone is not linked by the Agreement with the country of a final manufacturing, materials originating from this country might be only incorporated into an originating product only on the basis of a sufficient working or processing.



Example 3

Egypt (Country A) produces an originating product using components that have EC origin. The finished product will have Egyptian origin. The Egyptian product is then exported to Jordan (Country C) where it is incorporated into a machine that also contains components with Turkish origin (Country B).

The machine produced in Jordan obtains Jordanian origin because the components used to produce it are already originating in the zone i.e. the components originating in Egypt have been more than minimally worked or processed. If there was no a free trade agreement between Turkey and Jordan, Turkish materials must have been incorporated to an originating products on the basis of a sufficient working and processing

(See the explanation of [Article 7](#) for more information on minimal processing).

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11. WHAT IS FULL CUMULATION?

In the context of the pan-European cumulation origin rules **full cumulation** is only operated between the European Economic Area (EEA) partners. It is also applicable on the basis of some of the protocols with Tunisia, Morocco and Algeria.

The EEA is comprised of the EC, Iceland, Liechtenstein and Norway.. For origin purposes the EEA is regarded as one territory. Full cumulation means that all operations carried out in the EEA are taken into account when assessing the final origin. It does not require that the goods be originating in one of the EEA partner countries before being exported for further working or processing in other EEA partners but it does require that all the working or processing necessary to confer origin is carried out on the product.

Protocols between the EC and Tunisia, Morocco and Algeria also provide for the cumulation of working or processing. Likewise in the EEA, it is required that the all the working or processing necessary to confer origin is carried out on the product not in the customs territory of a single country but in the area formed by customs territories of a group of countries, namely the EC, Tunisia, Morocco and Algeria.

To understand full cumulation better the following example illustrates how it works.

Example of the EEA full cumulation:

100% cotton yarn of Indian origin is imported into Portugal where it is manufactured into cotton fabric. That fabric retains its non-originating status in Portugal as the origin rule for fabric demands manufacture from fibre.

The non-originating fabric is exported from Portugal to Norway where it is manufactured into garments. In Norway the finished garments obtain preferential origin status because the processing carried out in Portugal is added to the processing carried out in Norway to produce originating garments. The double transformation requirement (i.e. from yarn to fabric to garment) has been fulfilled in the EEA so the final product obtains the EEA

origin and - since this cumulation is recognised by the Pan-Euro-Med partner countries – the product can be exported within the zone under preferences.

Example of the full cumulation with Tunisia, Morocco and Algeria.

Chinese yarn is imported into Tunisia where it is manufactured into fabric. The fabric retains its Chinese origin as the origin rules for fabric demands manufacture from fibre.

The non-originating fabric is exported from Tunisia to Morocco where it is manufactured into garments. In Morocco, the finished garments obtain preferential origin status because the processing carried out in Morocco is added to the processing carried out in Tunisia to produce originating garments. The double transformation requirement – like in the example above – has been fulfilled in the territory of the countries benefiting from full cumulation. The final product obtains Moroccan origin and can be exported to the Community. However, since the full cumulation between the EC, Tunisia, Morocco and Algeria is not recognised by the Pan-Euro-Med partner countries – the product cannot be re-exported within the zone under preferences.

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12 WHAT IS THE DIFFERENCE BETWEEN DIAGONAL AND FULL CUMULATION?

The difference between diagonal and full cumulation is best illustrated by comparing the example below with the first example quoted in the answer to [Question 11](#).

Example:

100% cotton yarn of Indian origin is imported into Switzerland where it is manufactured into cotton fabric. That fabric retains its non-originating status in Switzerland as the origin rule for fabric demands manufacture from fibre.

The non-originating fabric is exported from Switzerland to Turkey where it is manufactured into garments. The garments manufactured from the non-originating fabric in Turkey cannot obtain preferential origin status because the rule for non-originating materials used in the manufacture of garments (i.e. manufacture from yarn) has not been fulfilled.

The result would be the same if the non-originating fabric was exported from Switzerland to Germany and manufactured into garments there.

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13. WHAT IS PAN-EURO-MEDITERRANEAN CUMULATION?

Pan-Euro-Mediterranean Cumulation is the term used to describe the diagonal cumulation system in operation between the European Community and a number of European and Mediterranean countries. It is, however, a term that does not have any legal significance.

Part 2 of this Handbook (Analysis of an Origin Protocol) deals with pan-Euro-Mediterranean cumulation in greater detail.

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14. WHICH COUNTRIES ARE OPERATING THE PAN-EURO-MEDITERRANEAN CUMULATION SYSTEM OF ORIGIN?

The Member States of the EU (Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Spain, the Slovak Republic, Slovenia, Sweden and the United Kingdom), Bulgaria, the Faeroe Islands, Iceland, Liechtenstein, Norway, Romania, Switzerland, Turkey, Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Tunisia and Palestinian Authority of the West Bank and Gaza Strip).

The Community operates cumulation with these countries with which a free trade agreement providing for such cumulation and containing Pan-Euro-Med origin rules is in place.

The EC has customs unions with Turkey, the Principality of Andorra and the Republic of San Marino. Products covered by the customs unions with Andorra and San Marino are treated in accordance with the provisions of the Origin Protocols to the Agreements. All the relevant Agreements contain Joint Declarations stating that **products of Chapters 25 to 97 originating in Andorra and all products originating in the Republic of San Marino are to be considered as originating in the EU by the partner countries.**

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15. WHAT IS THE 'VARIABLE GEOMETRY'.

The 'variable geometry' implies that the diagonal cumulation of origin is possible only between those countries of the Pan-Euro-Med zone which have fulfilled the necessary requirements. (See the [third example to Question 10](#) above).

16. WHERE CAN I FIND THE PROTOCOL FOR THE COUNTRY I AM TRADING WITH?

The origin protocols to each agreement between the Community and its partners have been published in the L series of the Official Journal of the European Communities. The list of those Official Journals along with their dates of publication is set out in [Appendix 1](#) to this Handbook.

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17. WHICH AGREEMENT APPLIES TO MY GOODS?

The agreement that applies to your goods is that which exists between your country and your trading partner's country (e.g. Egypt, Morocco etc.) or group of countries (e.g. EC, EEA) respectively. The following examples illustrate this point.

A point to be noted is that for historical reasons the Community has Agreements with the individual Member States of EFTA (i.e. Iceland, Norway and Switzerland (which has a customs union with Liechtenstein, a member state of the EEA)). However the Member States of EFTA have signed Agreements with the other partner countries as a single group. Example 3, below, illustrates that point.

Example 1:

A Turkish exporter who wishes to ship a product from Turkey to the United Kingdom will operate within the provisions of the agreement between Turkey and the European Community. In this case as the United Kingdom is a Member State of the European Community it is the agreement between the exporter's country and the EC that applies.

Example 2:

For a Norwegian exporter shipping a product from Norway to Belgium, either the Agreement establishing the European Economic Area or the EC-Norway Agreement applies.

Example 3:

The EFTA/Egypt Agreement would apply to goods exported by an Icelandic exporter to Egypt. (Iceland signed the Agreement with Egypt not in its own right but as a Member State of EFTA).

Example 4:

A Jordanian producer who wishes to export goods to the West Bank and Gaza Strip will refer to the agreement between Jordan and the West Bank and Gaza Strip.

Example 5:

Turkish goods exported to Morocco will be subject to the terms of the agreement between Turkey and Morocco.

A list of the agreements concerned by this Handbook, along with links to the edition of the Official Journal of the European Union in which they have been published, is set out in Appendix 1. However if for whatever reason you cannot access the agreement that interests you, you are advised to contact your government information office, which should be able to fulfil your requirements.

Origin protocols are supplemented [by the Explanatory Notes which have been published in the EU OJ C 16 of 21 January 2006](#).

Please also see the matrix of agreements which was published in Official Journal of the European Union no [C 18 of 25 January 2006](#) - which sets out the agreements in force between the different partner countries operating pan-Euro-Mediterranean cumulation rules of origin.

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PART 2

ANALYSIS OF AN ORIGIN PROTOCOL

INTRODUCTION

Part 2 of this Handbook provides an examination and explanation of the origin protocols to the Agreements in force between the Community and its partner countries and between the partners themselves.

This examination is done on an article by article basis. It is considered that this method provides a clear picture of what is, after all, a complex subject. Each Article is reproduced and then followed by a simple explanation and, where it is considered helpful, relevant examples. It cannot be stressed often enough that **this Handbook is purely explanatory in nature and has no legal standing.**

Operators should remember that when they have doubts as to which of a number of articles apply to a particular situation a simple general rule is to examine the relevant articles in numerical order and eliminate them on that basis.

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STRUCTURE OF THE ORIGIN PROTOCOLS

Each Protocol is divided up into eight sections called "Titles". Titles cover all aspects of the origin system put in place by the Protocol. The eight titles in the relevant Protocols are the following:

Title I	General provisions
Title II	Definition of the concept of "originating products"
Title III	Territorial requirements
Title IV	Drawback or exemption
Title V	Proof or origin
Title VI	Arrangements for administrative co-operation
Title VII	Ceuta and Melilla
Title VIII	Final provisions

Within those eight groups is the legal basis for the origin system currently in force in the so-called pan-Euro-Mediterranean cumulation zone. Each Title contains a number of Articles, each of which covers a specific aspect of the Protocol. This Part of the Handbook will explain the origin system on a title by title, article by article basis.

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Title I

General Provisions

Title I covers only one article. That article sets out the legal definitions of the various terms encountered in the Protocol. Please be aware that the definitions in Article 1 are **legal definitions** and **not dictionary definitions**.

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Article 1

Definitions

For the purposes of this Protocol:

- a) *'manufacture' means any kind of working or processing including assembly or specific operations;*
- b) *'material' means any ingredient, raw material, component or part, etc., used in the manufacture of the product;*
- c) *'product' means the product being manufactured, even if it is intended for later use in another manufacturing operation;*
- d) *'goods' means both materials and products;*
- e) *'customs value' means the value as determined in accordance with the 1994 Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade (WTO Agreement on customs valuation);*
- f) *'ex-works price' means the price paid for the product ex works to the manufacturer in the Community or in Switzerland in whose undertaking the last working or processing is carried out, provided the price includes the value of all the materials used, minus any internal taxes which are, or may be, repaid when the product obtained is exported;*
- g) *'value of materials' means the customs value at the time of importation of the non-originating materials used, or, if this is not known and cannot be ascertained, the first ascertainable price paid for the materials in the Community or in Switzerland;*
- h) *'value of originating materials' means the value of such materials as defined in (g) applied mutatis mutandis;*
- i) *'value added' shall be taken to be the ex-works price minus the customs value of each of the materials incorporated which originate in the other countries referred to in Articles 3 and 4 with which cumulation is applicable or, where the customs value is not known or cannot be ascertained, the first ascertainable price paid for the materials in the Community or in Switzerland;*
- j) *'chapters' and 'headings' mean the chapters and the headings (four-digit codes) used in the nomenclature which makes up the Harmonized Commodity Description and Coding System, referred to in this Protocol as 'the Harmonized System' or 'HS';*
- k) *'classified' refers to the classification of a product or material under a particular heading;*
- l) *'consignment' means products which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;*
- m) *'territories' includes territorial waters.*

EXPLANATORY NOTE

Article 1 (f) - 'Ex-works price'

The ex-works price of a product shall include:

- the value of all supplied materials used in manufacture,
- all costs (material costs as well as other costs) effectively incurred by the manufacturer. For example, the ex-works price of recorded video cassettes, records, discs, media-carrying computer software and other such products comprising an element of intellectual property rights shall as far as possible include all costs with regard to the use of intellectual property rights for the manufacture of the goods, paid for by the manufacturer, whether or not the holder of such rights has his seat or residence in the country of production.

No account shall be taken of commercial price reductions (e.g. for early payment, or large quantity deliveries).

COMMENTS:

Article 1 defines the legal meanings of all the terms used in the Protocol.

Article 1(k) refers to the classification of a product or material under a particular heading of the Harmonized System. Responsibility for ensuring that goods are correctly classified in the HS lies with the trader. If you are unable to determine the correct tariff classification of your goods you should approach your local customs office which will be able to assist you. However, in order for them to be able to help you it will be necessary for you to provide the customs with as much information as they require.

Please be aware that an incorrect tariff classification can lead to inconvenience for you and your trading partner and can result in a loss of time and money for either or both of you.

It is essential that you familiarise yourself with meanings of the various terms used in the context of the Protocol. The definitions are the same in all the Origin Protocols concerned.

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Title II

Definition of the concept of "originating products"

Following the definitions of the terminology used in the Protocols, Title II proceeds, in the space of 10 articles, to define the concept of preferential origin in the context of the Agreements.

As mentioned in the preface the articles follow a logical progression starting with the basic elements and proceeding to the more complex concepts. For example Articles 3 and 4 deal with cumulation (both bilateral and diagonal cumulation) whereas Articles 5 and 6 deal with the means by which goods can obtain preferential origin. Thus the concept is explained before it is revealed how it can be obtained.

As a general rule traders should proceed in the same manner. You must determine whether your goods are wholly obtained or whether they incorporate non-originating materials and whether those materials have undergone sufficient working or processing to satisfy the relevant list rule.

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Article 2

General requirements

1. *For the purpose of implementing this Agreement, the following products shall be considered as originating in the Community:*

- (a) products wholly obtained in the Community within the meaning of Article 5;*
- (b) products obtained in the Community incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in the Community within the meaning of Article 6;*
- (c) goods originating in the European Economic Area (EEA) within the meaning of Protocol 4 to the Agreement on the European Economic Area.*

2. *For the purpose of implementing this Agreement, the following products shall be considered as originating in Switzerland:*

- (a) products wholly obtained in Switzerland within the meaning of Article 5;*
- (b) products obtained in Switzerland incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in Switzerland within the meaning of Article 6.*

(RETURN TO ARTICLE 12)

COMMENTS:

This Article sets out the criteria that must apply to goods in order that they can be considered as originating in the Community and the partner countries. (Remember that the example Protocol being used in this analysis is that between the Community and Switzerland. The same criteria apply to goods from any of the countries operating the system).

Article 2(1)(b) states that any non-originating materials used in the production of originating products must have undergone sufficient working or processing in the country of manufacture. It means that non-originating materials can be used in the Community or in Switzerland, in this instance, to produce an originating product provided those materials undergo sufficient working or processing in the Community or in Switzerland.

When non-originating materials that have been imported into the Community or any country of the zone do not undergo sufficient working or processing, those materials retain their non-originating status and cannot benefit from preferential treatment under the terms of the origin protocol when imported into another country of the zone. For example, if non-originating goods are imported into the Community they must undergo sufficient working or processing in the Community and obtain origin there. The same condition applies to Switzerland (or any other partner country). When the materials have obtained origin they can then be sent to the other partner country where they can undergo further processing and obtain the preferential origin of that partner. This is explained in detail further on in the Handbook.

The term "preferential origin" and "originating" in the context of the Agreements under consideration here refers only to materials or goods originating in the Community or one of the partner countries belonging to the pan-Euro-Mediterranean zone. It does not refer to

materials or goods that may have preferential originating status in other preferential regimes being operated by the Community or its partners. This means that goods which have ACP (African, Caribbean or Pacific) or GSP (Generalised System of Preference) origin are regarded as non-originating materials or products for the terms of the pan-Euro-Mediterranean cumulation of origin system.

Following the introduction of 'variable geometry' the term 'preferential origin' and 'originating' does not refer to materials or goods originating in the country of the Pan-Euro-Med zone with which cumulation is not applicable.

QUESTIONS:

1. HOW CAN MY PRODUCTS OBTAIN ORIGIN?

As explained in the answer to question 1, origin is the economic nationality of a product. Origin can be obtained either by goods being wholly obtained (Articles 2(1)(a) and 2(2)(a)) or by sufficient working or processing (Articles 2(1)(b) and 2(2)(b)).

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2. WHAT DOES "WHOLLY OBTAINED" MEAN?

The term "wholly obtained" covers such things as fresh produce e.g. (fruit and vegetables) grown and harvested in the country of exportation or mineral products mined there. Note however that the concept of wholly obtained does not necessarily mean the total exclusion of imported elements. For example, the rule refers to vegetable products "harvested there" but that does not exclude the use of imported seed to grow those vegetables.

Goods produced in one country entirely from products wholly obtained in that country are themselves wholly obtained products.

Article 5 explains which products can be considered as wholly obtained. More details concerning this concept are provided in the explanation attached to Article 5.

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3. WHAT DOES SUFFICIENTLY WORKED OR PROCESSED MEAN?

As a result of the modern international division of labour and changing technology most goods traded will contain raw materials, semi-processed products, components etc., from more than one country.

For a product to obtain origin in such cases it is necessary for it to have undergone a minimum process or number of processes during the course of its manufacture. The obligatory operations or processing required on non-originating goods are clearly outlined in Article 6 and in columns 3 and 4 of Annex II to the Origin Protocols.

Article 6 of the Origin Protocols deals with sufficient working and processing and further details concerning that concept are provided in the explanation of that Article.

Article 3

Cumulation in the Community

1. *Without prejudice to the provisions of Article 2 (1), products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in Bulgaria, Switzerland (including Liechtenstein)¹, Iceland, Norway, Romania, Turkey or in the Community, provided that the working or processing carried out in the Community goes beyond the operations referred to in Article 7. It shall not be necessary that such materials have undergone sufficient working or processing.*

2. *Without prejudice to the provisions of Article 2(1), products shall be considered as originating in the Community if such products are obtained there, incorporating materials originating in the Faeroe Islands or in any country which is a participant in the Euro-Mediterranean partnership, based on the Barcelona Declaration adopted at the Euro-Mediterranean Conference held on 27 and 28 November 1995, other than Turkey², provided that the working or processing carried out in the Community goes beyond the operations referred to in Article 7. It shall not be necessary that such materials have undergone sufficient working or processing.*

3. *Where the working or processing carried out in the Community does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in the Community only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraphs 1 and 2. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in the Community.*

4. *Products, originating in one of the countries referred to in paragraphs 1 and 2, which do not undergo any working or processing in the Community, retain their origin if exported into one of these countries.*

5. *The cumulation provided for in this Article may only be applied provided that:*

(a) *a preferential trade agreement in accordance with Article XXIV of the General Agreement on Tariffs and Trade (GATT) is applicable between the countries involved in the acquisition of the originating status and the country of destination;*

(b) *materials and products have acquired originating status by the application of rules of origin identical to those given in this Protocol;*

and

(c) *notices indicating the fulfilment of the necessary requirements to apply cumulation have been published in the Official Journal of the European Union (C series) and in Switzerland according to its own procedures.*

The cumulation provided for in this Article shall apply from the date indicated in the notice published in the Official Journal of the European Union (C series).

¹ The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.

² Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia, West Bank and Gaza Strip.

The Community shall provide Switzerland, through the Commission of the European Communities with details of the Agreements, including their dates of entry into force, and their corresponding rules of origin, which are applied with the other countries referred to in paragraphs 1 and 2.

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EXPLANATORY NOTE

Articles 3 and 4 – Cumulation

Allocation of origin

In general, the origin of the final product will be determined through the “last working or processing” carried out provided that the operations carried out go beyond those referred to in Article 7.

If, in the country of final manufacture, the originating materials from one or more countries are not subject to working or processing going beyond minimal operations, the origin of the final product shall be allocated to the country contributing the highest value. For this purpose, the value added in the country of final manufacture – including the value of non-originating materials which have been sufficiently processed – is compared with the value of the materials originating in each one of the other countries.

If no working or processing is carried out in the country of export, the materials or products simply retain their origin if they are exported to one of the countries concerned.

Variable geometry

Cumulation can be only applied if the countries of final manufacture and of final destination have concluded free trade agreements, containing identical rules of origin, with all the countries participating in the acquisition of originating status, i.e. with all the countries from which all the materials used originate. Materials originating in the country which has not concluded an agreement with the countries of final manufacture and of final destination shall be treated as non-originating.

The following examples explain how to determine origin according to the four paragraphs of Articles 3 and 4:

EXAMPLES OF ALLOCATION OF ORIGIN AND VARIABLE GEOMETRY

1. Example for allocation of origin through the last working or processing carried out.

Fabrics (HS 5112; obtained from lambs’ wool not combed or carded) originating in the Community are imported into Morocco; lining, made of man-made staple fibre (HS 5513) is originating in Norway.

In Morocco, suits (HS 6203) are made up.

The last working or processing is carried out in Morocco; the working or processing (in this case, making-up suits) goes beyond operations referred to in Article 7.

Therefore, the suits obtain Moroccan origin and can be exported to other countries with which cumulation is applicable.

If in this example there is no free trade agreement with Pan-Euro-Med rules of origin between Morocco and Norway, the variable geometry implies that the Norwegian lining would need to be treated as non-originating and thus the suits will not obtain originating status.

2. *Example for allocation of origin if the last working or processing does not go beyond minimal operations; recourse has to be taken to the highest value of the materials used in the manufacture*

The different parts of an ensemble, originating in two countries, are packed in the Community. The trousers and a skirt, originating in Switzerland, have a value of 180 Euros; the jacket, originating in Jordan, has a value of 100 Euros. The minimal operation (“packing”) carried out in the Community costs 2 Euros. The operator uses plastic bags from Ukraine, of a value of 0,5 Euros. The ex-works price of the final product is 330 Euros.

As the operation in the Community is a minimal one the value added there has to be compared with the customs values of the other materials used in order to allocate origin:

Value added in the Community (which includes 2 Euros for the operation and 0,5 Euros for the bag) = 330 Euros (ex-works price) – (minus) 280 Euros (180+100) = 50 Euros = Community “added value”

The Swiss value (180) is higher than the value added in the Community (50) and the values of all other originating materials used (100). Therefore, the final product will have Swiss origin and can be exported to other countries with which cumulation is applicable.

If in this example there was no free trade agreement with Pan-Euro-Med rules of origin between the Community and Switzerland the ensemble would have to be treated as non-originating since the Swiss input has neither been sufficiently processed nor allowed to benefit from cumulation of origin.

3. *Example for products that are exported without undergoing further working or processing*

A carpet, originating in the Community, is exported to Morocco and is, without undergoing further operations, exported to Syria after 2 years. The carpet does not change origin and still has Community origin upon exportation to Syria.

In this example, a preferential proof of origin can only be issued for exportation from Morocco to Syria if the free trade agreement with Pan-Euro-Med rules of origin between the Community and Syria is in place.

Cumulation of working or processing (full cumulation)

Full cumulation allows performing sufficient working or processing not in the customs territory of a single country but in the area formed by customs territories of a group of countries. For example, cumulation of working or processing outside the context of the pan-Euro-Med cumulation is provided for in some of the origin protocols with Morocco, Algeria

and Tunisia. Since the cumulation of working or processing falls outside the context of the pan-Euro-Mediterranean cumulation of origin, products obtaining origin on the basis of the full cumulation are excluded from the pan-Euro-Med trade.

EXAMPLE OF CUMULATION OF WORKING OR PROCESSING

Non-originating cotton yarn (HS 5205) is imported into the Community where it is woven into fabrics (HS 5208). The fabrics are then exported from the Community to Tunisia where they are cut and where men's shirts (HS 6205) are sewn.

According to the rules of cumulation of working and processing, the weaving carried out in the Community is considered as having been carried out in Tunisia. In this way the rule for HS 6205 requiring manufacture from yarn is satisfied and the men's shirts obtain originating status. However, since the originating status is obtained in a way which is not compatible with the pan-Euro-Mediterranean requirements, according to which the weaving and sewing should take place in one single country, the men's shirt cannot be exported under preferences from Tunisia to the countries referred to in Articles 3 and 4 other than Maghreb and the EC.

[the use of the proofs of origin is explained in detail in the Note to Article 17]

COMMENTS:

To obtain Community preferential origin under this Article, goods must be produced in the Community using either materials originating in the Community or in one or more of the other countries listed in Article 3 (1) and (2) with which cumulation is applicable. This means that a Community producer may use originating Community components or materials or components and materials originating in any of the partner countries with which cumulation is applicable in the production of his product.

If the product obtains origin on the basis of full cumulation with Tunisia, Morocco or Algeria it does not qualify for diagonal trade with any of the countries participating in the Pan-Euro-Med zone.

Example 1:

Flax originating in Jordan is imported into Germany where it is spun into linen yarn. The linen yarn would have Community origin. The linen yarn is then woven into linen fabric and then made into suits and costumes for women. The suits and costumes would have Community origin when exported to another country of the zone with which cumulation is applicable.

Example 2:

Wholly obtained flax is spun into linen yarn and woven into linen fabric in Jordan. The fabric is imported into Germany where it is cut and made into suits and costumes for women. Again, the finished garments will have Community origin when exported to another country of the zone with which cumulation is applicable.

Article 6 explains the working or processing that is sufficient to confer origin when working on non-originating materials or parts. If only originating materials used, for the finished

product to obtain Community origin the working or processing must go beyond the minimal processes listed in Article 7.

Some doubts might arise when originating materials are not only being processed more than minimally but a sufficient working and processing takes place at the same time. It is important to evaluate whether in such a case a cumulation has been applied or not because this influences a way in which origin is to be proved as well as has an impact on application of drawback.

Example 3:

1. Wood originating in Norway and aluminium originating in the EC is imported to Tunisia where tables (ex Chapter 94) are manufactured. The final product is exported to the Community.

The rule for ex Chapter 94 requires 'Manufacture from materials of any heading, except that of the product'.

Originating materials have not only undergone more than minimal operation but also the list-rule for non-originating materials has been fulfilled. The finished product have Tunisian origin and might be re-exported from the Community to other countries of the zone with which cumulation is applicable. Since sufficient processing took place, a recourse to cumulation is not required and, in Tunisia a proof of origin EUR-MED 'no cumulation applied' can be issued.

If the operations carried out do not go beyond the minimal operations, the origin of a product will be allocated on the basis of the highest value added during its production. The highest value added will be determined by comparing the value added in the Community with the value of the materials that originate in each one of the other partner countries supplying originating materials.

POINT TO REMEMBER 1. When goods enter the Community from one of the partner countries and are exported to another of the partners without having undergone any working or processing in the Community, those goods retain the origin of the partner country from which they were exported to the Community.

Example 3:

Crystal drinking glasses, wholly obtained in Lebanon, are exported to Germany. The goods have Lebanese origin. The German importer later exports the same glasses to Switzerland. In this case the glasses retain their Lebanese origin.

POINT TO REMEMBER 2. It is necessary to always check if the countries from which the materials used in the manufacture originate, have concluded free trade agreements with the country of final manufacturing and the country of final destination.

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Article 4

Cumulation in Switzerland

1. *Without prejudice to the provisions of Article 2(2), products shall be considered as originating in Switzerland if such products are obtained there, incorporating materials originating in Bulgaria, Switzerland (including Liechtenstein)³, Iceland, Norway, Romania, Turkey or in the Community, provided that the working or processing carried out in Switzerland goes beyond the operations referred to in Article 7. It shall not be necessary that such materials have undergone sufficient working or processing.*

2. *Without prejudice to the provisions of Article 2(2), products shall be considered as originating in Switzerland if such products are obtained there, incorporating materials originating in the Faeroe Islands or in any country which is a participant in the Euro-Mediterranean partnership, based on the Barcelona Declaration adopted at the Euro-Mediterranean Conference held on 27 and 28 November 1995, other than Turkey⁴, provided that the working or processing carried out in Switzerland goes beyond the operations referred to in Article 7. It shall not be necessary that such materials have undergone sufficient working or processing.*

3. *Where the working or processing carried out in Switzerland does not go beyond the operations referred to in Article 7, the product obtained shall be considered as originating in Switzerland only where the value added there is greater than the value of the materials used originating in any one of the other countries referred to in paragraphs 1 and 2. If this is not so, the product obtained shall be considered as originating in the country which accounts for the highest value of originating materials used in the manufacture in Switzerland.*

4. *Products, originating in one of the countries referred to in paragraphs 1 and 2, which do not undergo any working or processing in Switzerland, retain their origin if exported into one of these countries.*

5. *The cumulation provided for in this Article may only be applied provided that:*

(a) *a preferential trade agreement in accordance with Article XXIV of the General Agreement on Tariffs and Trade (GATT) is applicable between the countries involved in the acquisition of the originating status and the country of destination;*

(b) *materials and products have acquired originating status by the application of rules of origin identical to those given in this Protocol;*

and

(c) *notices indicating the fulfilment of the necessary requirements to apply cumulation have been published in the Official Journal of the European Union (C series) and in Switzerland according to its own procedures.*

³ The Principality of Liechtenstein has a customs union with Switzerland, and is a Contracting Party to the Agreement on the European Economic Area.

⁴ Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia, West Bank and Gaza Strip.

The cumulation provided for in this Article shall apply from the date indicated, in the notice published in the Official Journal of the European Union (C series).

Switzerland shall provide the Community, through the Commission of the European Communities with details of the Agreements, including their dates of entry into force, and their corresponding rules of origin, which are applied with the other countries referred to in paragraphs 1 and 2.

(RETURN TO ARTICLE 12)

COMMENTS:

The comments which applicable to Article 3 apply also to Article 4 except that instead of cumulation in the Community, it refers to cumulation in the partner country.

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Article 5

Wholly obtained products

1. *The following shall be considered as wholly obtained in the Community or in Switzerland:*

- (a) mineral products extracted from their soil or from their seabed;*
- (b) vegetable products harvested there;*
- (c) live animals born and raised there;*
- (d) products from live animals raised there;*
- (e) products obtained by hunting or fishing conducted there;*
- (f) products of sea fishing and other products taken from the sea outside the territorial waters of the Community or of Switzerland by their vessels;*
- (g) products made aboard their factory ships exclusively from products referred to in (f);*
- (h) used articles collected there fit only for the recovery of raw materials, including used tyres fit only for retreading or for use as waste;*
- (i) waste and scrap resulting from manufacturing operations conducted there;*
- (j) products extracted from marine soil or subsoil outside their territorial waters provided that they have sole rights to work that soil or subsoil;*
- (k) goods produced there exclusively from the products specified in (a) to (j).*

2. *The terms 'their vessels' and 'their factory ships' in paragraph 1(f) and (g) shall apply only to vessels and factory ships:*

- (a) which are registered or recorded in a Member State of the Community or in Switzerland;*
- (b) which sail under the flag of a Member State of the Community or of Switzerland;*
- (c) which are owned to an extent of at least 50 % by nationals of a Member State of the Community or of Switzerland, or by a company with its head office in one of these States, of which the manager or managers, Chairman of the Board of Directors or the Supervisory Board, and the majority of the members of such boards are nationals of a Member State of the Community or of Switzerland and of which, in addition, in the case of partnerships or limited companies, at least half the capital belongs to those States or to public bodies or nationals of the said States;*
- (d) of which the master and officers are nationals of a Member State of the Community or of Switzerland;*

and

- (e) of which at least 75 % of the crew are nationals of a Member State of the Community or of Switzerland.*

COMMENTS:

Article 5 defines for the purposes of the Protocol what 'wholly obtained' means and lists the goods covered by that term.

The following points should be noted:

1. In the case of industrial products, operations to produce a finished product may be carried out in different factories, but so long as those factories are situated in the same country or territory and process only materials wholly obtained there, the final product will be wholly obtained.
2. The open sea (the sea beyond territorial waters) has no nationality. Fish caught outside the territorial waters of a partner country shall be considered as "wholly obtained" provided the vessel fulfils the 5 important criteria at Article 5(2) a) to e) inclusive.

EXAMPLES:

1. *Wood felled in Germany is imported into France where it is manufactured into chemical pulp (heading 4701 of the HS) using only chemical products originating in the Community. The product is wholly obtained in the EC.*
2. *Wine bottle corks manufactured in Portugal using natural cork or waste cork produced in Portugal. The corks have been wholly obtained in the EC.*
3. *Linen fabric woven in Italy from flax harvested and spun in France has been wholly obtained in the EC.*
4. *Basketwork and wickerwork manufactured in Switzerland from willow, reeds, rushes etc., harvested in Switzerland is wholly obtained in Switzerland.*
5. *Articles of non-treated natural wood manufactured in Morocco using wood from trees felled in Morocco are considered to be wholly obtained in Morocco.*
6. *Fish are caught in Norwegian territorial waters by Spanish fishing vessels and are landed in Spain. In this instance the fish are regarded as wholly obtained in Norway as they are caught in the territorial waters of Norway.*
7. *Fish are caught in the open sea (outside territorial waters) by a vessel flying the Egyptian flag and satisfying the other nationality conditions of the Protocol. They are prepared and frozen on the vessel before being landed in a French port. In this case the fish are regarded as being wholly obtained in Egypt.*
8. *Fish caught in the open sea by a vessel flying the Turkish flag are landed in an Turkish port and then transported by road to the Community (for example to Germany) under transit arrangements. The fish are regarded as being wholly obtained in Turkey.*

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[\(RETURN TO QUESTION 7\)](#)

Article 6

Sufficiently worked or processed products

1. *For the purposes of Article 2, products which are not wholly obtained are considered to be sufficiently worked or processed when the conditions set out in the list in Annex II are fulfilled.*

The conditions referred to above indicate, for all products covered by the Agreement, the working or processing which must be carried out on non-originating materials used in manufacturing and apply only in relation to such materials. It follows that if a product which has acquired originating status by fulfilling the conditions set out in the list is used in the manufacture of another product, the conditions applicable to the product in which it is incorporated do not apply to it, and no account shall be taken of the non-originating materials which may have been used in its manufacture.

2. *Notwithstanding paragraph 1, non-originating materials which, according to the conditions set out in the list, should not be used in the manufacture of a product may nevertheless be used, provided that:*
 - (a) *their total value does not exceed 10 % of the ex-works price of the product;*
 - (b) *any of the percentages given in the list for the maximum value of non-originating materials are not exceeded through the application of this paragraph.*

This paragraph shall not apply to products falling within Chapters 50 to 63 of the Harmonized System.

3. *Paragraphs 1 and 2 shall apply subject to the provisions of Article 7.*

COMMENTS:

As a result of the modern international division of labour and changing technology most goods traded will contain raw materials, semi-processed products, components, etc., which originate in more than one country.

In order that a product can obtain origin in such cases it is necessary for it to have undergone a particular process or number of processes during the course of its manufacture.

In the case of pan-Euro-Mediterranean cumulation of origin this Article does not apply to goods which have already obtained originating status in the Community or one of the partner countries belonging to the pan-Euro-Mediterranean zone with which cumulation is applicable. **It applies only to non-originating materials used in the production of goods for which originating status is claimed.** The minimum obligatory operations or processing required on non-originating goods are outlined in columns 3 and 4 of Annex II to the Origin Protocols.

In the majority of cases the rule is specified in column 3. Where there is a rule set out in column 4, the exporter may opt for either the rule in column 3 or column 4. Where there is no rule set out in column 4, the rule in column 3 is the rule that applies.

If the working or processing goes even further, i.e. starts at an earlier production stage than that specified in the Annex, the finished product will also obtain originating status. However, **origin cannot be obtained by starting production at a later stage.**

There are three criteria used in determining sufficient working or processing:

- a) **value percentage**, which means that the value of the non-originating materials must not exceed a certain percentage of the ex-works price of the finished product;
- b) **change of tariff heading**: where the non-originating raw materials or components used must have a different HS tariff heading from the HS tariff heading of the finished product;
- c) **specific rules**: where very specific criteria are laid down.

The following examples illustrate the concept of sufficient working or processing:

Examples:

Value-added:

Goods: *Office machines*

HS headings *8456 to 8466*

Rule: *Manufacture in which the value of all the materials used does not exceed 40% of the ex-works price of the product*

Explanation: All the **non-originating** materials used in the manufacture of office machines must not account for more than 40% of the ex-works price of the finished product. Therefore, the value of the originating materials and the working or processing, including administrative costs and profit, carried out during the manufacture of the office machines must account for at least 60% of the ex-works price of the finished products.

Change of tariff heading:

Goods *Ceramic products*

HS heading *Chapter 69*

Rule: *Manufacture in which all the materials used are classified within a heading other than that of the product*

Explanation: This simply means that all **non-originating** materials used to produce ceramic products must come from a heading other than that of the finished product.

Specific rule:

a) **Goods:** *Preparations of fish or of crustaceans, molluscs or other aquatic invertebrates*

HS heading *ex Chapter 16*

Rule: *All the materials of Chapter 3 used must be wholly obtained*

Explanation: This rule demands that all the products of Chapter 3 used in the production of goods of Chapter 16 must have originating status by virtue of being wholly obtained. Any materials or products of headings **other than Chapter 3** that are used may be non-originating.

b) Goods: *Men's or boys' cotton shirts not knitted or crocheted*

HS heading *ex-Chapter 62*

Rule: *Manufacture from yarn*

Explanation: In order to obtain origin for shirts made from non-originating materials, those materials must be at no later stage of production than yarn. If the production of the shirts starts at a later stage e.g. from non-originating fabric, the end product will not obtain origin. However, if it starts at an earlier stage, i.e. from non-originating fibres the end product will obtain preferential originating status.

The rule indicates the minimum processing permitted to confer originating status on the shirts when they are made from non originating materials.

An examination of Annex II reveals that there are some rules that are a mixture of the above three categories of rules or where there are alternative rules open to the manufacturer.

In some cases there are alternative rules in columns 3 and 4. However, mixing of the rules in either column is not permitted. One or the other must be fulfilled in its entirety.

Examples:

Goods: *Ester gums*

HS heading *ex-3806*

Rule in column 3: *Manufacture from resin acids*

Rule in column 4: *manufacture in which the value of all the materials used does not exceed 40% of the ex-works price of the product*

Explanation: The exporter can opt to either manufacture the ester gums from non-originating resin acids or alternatively use non-originating materials and ensure that the value of any originating materials and the processing he undertakes accounts for at least 60% of the ex-works price of the ester gums before claiming origin.

In cases where there are more than one criterion indicated in column 3 for a product, all the criteria set out in that column must be met.

Goods: Jams

HS heading *ex-2007*

Rule: *Manufacture in which*

- *all the materials used are classified within a heading other than that of the product*
- *the value of any materials of Chapter 17 used does not exceed 30% of the ex- works price of the product*

Explanation: In order to obtain preferential origin the jam must fulfil both the conditions set out in column 3. Therefore all the non-originating materials used in the manufacture of the jams must be classified in a heading other than 2007 and the value of any non-originating materials of Chapter 17 used cannot exceed 30% of the ex-works price of the jams. Fulfilling only one of those conditions is not enough.

Of course, if the materials of Chapter 17 are originating only the first criterion need be fulfilled.

All the rules in Annex II only apply to non-originating materials or products.

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QUESTIONS:

1. ARE THERE ANY CIRCUMSTANCES WHERE NORMALLY PROHIBITED NON-ORIGINATING MATERIALS CAN BE USED TO PRODUCE AN ORIGINATING PRODUCT?

Yes. Article 6(2) grants a tolerance allowing the use of a small amount of non-originating materials to be used in the manufacture of goods.

The concession allows for non-originating materials to be used up to a maximum value of 10% of the ex-works price. However, where there are percentages listed in Annex II for a maximum value of prohibited non-originating materials, the maximum in the list cannot be exceeded by applying this 10% tolerance. **The maximum will always be that allowed in the list.** The 10% tolerance rule can be used, for example, when applying the change of tariff heading rule.

NB. Textile goods of Chapters 50 to 63, inclusive, are excluded from benefiting from this tolerance. However, tolerances are granted to textiles products of Chapters 50 to 63, inclusive, and your attention is drawn to Note 5 of the Introductory Notes to Annex II which are set out in Annex I to every Protocol.

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2. HOW SHOULD ANNEX II BE READ?

Before attempting to read Annex II you are advised to read Annex I where you will find Introductory Notes to Annex II. Those notes explain how to read Annex II and in some cases provide examples.

- a) The working or processing referred to in Annex II refers to operations which must be carried out on non-originating materials before they can obtain originating status which would make them eligible for the benefits of preferential origin.

The listed operations are the minimum that goods must undergo in order to obtain origin. Processing may start at an earlier stage but never at a later one.

Example:

1. *Shirts for men or boys are classified in heading 6205 regardless of what fabric they consist of. As Annex II does not have a specific rule for such garments the rule applicable is "manufacture from yarn".*

This means that in order for the shirts to obtain preferential origin the non-originating materials used in their manufacture cannot have been manufactured beyond the stage of yarn. However, you may manufacture the yarn from non-originating fibres and still obtain origin but you cannot benefit from preference if you manufacture the shirts from non-originating fabric.

- b) Column 1 indicates the tariff heading. As already explained the tariff heading is of vital importance if you are to obtain origin for your goods because without it you will not know which rule must be fulfilled. **Column 1 covers every tariff heading in the Harmonized System, even though they may not be specifically mentioned.** Each tariff Chapter is sectioned in a "box" in the Annex.

If a specific rule is not mentioned for your product you must refer back to the top of the section dealing with the tariff chapter you are concerned with.

Example:

2. *Microwave ovens are classified in tariff heading 8516. Column 1 in Annex II to the Protocol makes no reference to a specific rule for goods of 8516. In this case the rule is to be found at the beginning of the section at "ex-Chapter 85".*

- (c) When all of the goods falling within a Chapter or Heading are not subject to the same rule "ex" is placed before the Chapter or Heading number. In the above example "ex-Chapter 85" means that the corresponding rules shown in Columns 3 and 4 apply to goods classified in Chapter 85 with certain exceptions. The exceptions are then listed beneath the heading description in Column 2 with their corresponding tariff classification in Column 1 and rules in Columns 3 and 4. These rules may apply only to some goods falling within the heading.

Example:

3. *Letter pads are classified with registers and diaries in heading 4820. A search down Column 1 leads to a reference to "ex-4820" alongside a reference to letter pads (Column 2) and a specific rule (Column 3).*

The "ex" indicates that not all products of heading 4820 are covered by the rule shown in Column 3. Although diaries and registers are classified in the same heading as the letter pads, they are not specifically mentioned in Column 2 and therefore are subject to the general rule that applies to Chapter 48.

Therefore, when searching for the rule appropriate to your goods it is advisable to start at the top of column 1 in the relevant "section" or "box" and work your way down the list. If your product does not have a specific rule attached to it then you look at the more general rule applying to either the appropriate heading or Chapter which will be located further up the column.

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Article 7

Insufficient working or processing

1. *Without prejudice to paragraph 2, the following operations shall be considered as insufficient working or processing to confer the status of originating products, whether or not the requirements of Article 6 are satisfied:*

- (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) *simple assembly of parts of articles to constitute a complete article or disassembly of products into parts;*
- (o) *a combination of two or more operations specified in (a) to (n);*
- (p) *slaughter of animals.*

2. *All operations carried out either in the Community or in Switzerland 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 1.*

COMMENTS:

Just as there is "sufficient working or processing" there is also the opposite, "insufficient working or processing" sometimes referred to (although not in the legislation) as "minimal processing" or "minimal operations". Certain processes are considered as having such a minor effect on the finished product that they can never be regarded as conferring originating status, whether carried out individually or in a combination of processes. Simply put, those operations prevent the acquisition of origin; in the context of cumulation such operations do not confer the origin of the country where they are carried out on goods.

Examples:

- 1. Raw coffee is imported in bulk into the Community from Colombia. The origin rule for coffee is "manufacture from materials of any heading". In the EC it is dusted, sorted and simply split up into different packaging. As neither dusting nor splitting up and repackaging are sufficient operations to confer origin, the coffee retains its Colombian origin.*
- 2. Raw coffee is imported in bulk into the Community from Colombia. In the EC it is dusted, roasted, ground, sorted and split up into different packaging. As the operations carried out in the Community are sufficient to confer origin ("manufacture from materials of any heading"), the coffee obtains Community origin.*

Explanation:

The first example details a combination of three minimal operations being carried out on the raw coffee. As has already been stated, such operations whether carried out singly or in a combination do not confer origin. Therefore the coffee retains its Colombian origin.

In the second example the coffee has not only been dusted and split up into different packaging, but also has also been significantly processed. Therefore, although some minimal operations have been carried out the more substantial processing must also be considered and it is that processing which, because it fulfils the rule listed in Annex II, results in the end product obtaining Community origin.

Article 7(1) to the Protocols sets out those processes carried out on non-originating materials which singly or in combination do not confer origin. The list is exhaustive but should be interpreted in the broadest sense. For example, sifting or screening can be carried out on both foodstuffs as well as on industrial products.

Examples:

- 1. Perfume of Community origin is exported in vats from Austria to Jordan where it is decanted into EC originating bottles and packaged into EC originating packaging. As both operations carried out in Jordan are deemed to be insufficient for conferring Jordanian origin, the final packaged product will retain its Community origin.*

However, in this case another aspect must be considered. If the bottles and/or the packaging are wholly obtained in Jordan or have obtained Jordanian origin their value would have to be taken into account when determining the origin of the final product.

- 2. The components of a sewing set having German origin are exported to Morocco where they are assembled into sets and put into plastic sleeves and packaged. Neither of the operations carried out in Morocco are sufficient to confer Moroccan origin, therefore the packaged sets retain their Community origin. However, the origin of the plastic sleeve and the packaging may have a bearing on the final origin of the finished product.*

Explanation:

It is clear from these examples that neither the perfume nor the components for the sets have undergone any working or processing which has resulted in them being changed in any way.

The perfume remains perfume. The components of the set have only been assembled into sets and have not been changed in any way. However, the value of the local input into the final product in both instances must also be considered due to the containers and packaging being manufactured in the partner country. Whilst the operation of filling bottles or packaging alone will not confer origin the other elements must be considered in order to have a balanced view of the production costs of the overall final product.

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Article 8

Unit of qualification

1. *The unit of qualification for the application of the provisions of this Protocol shall be the particular product which is considered as the basic unit when determining classification using the nomenclature of the Harmonized System.*

It follows that:

(a) *when a product composed of a group or assembly of articles is classified under the terms of the Harmonized System in a single heading, the whole constitutes the unit of qualification;*

(b) *when a consignment consists of a number of identical products classified under the same heading of the Harmonized System, each product must be taken individually when applying the provisions of this Protocol.*

2. *Where, under General Rule 5 of the Harmonized System, packaging is included with the product for classification purposes, it shall be included for the purposes of determining origin.*

COMMENTS:

The first thing that must be referred to here is the importance of having the correct tariff classification of the product or products being exported. An explanation of tariff classification is to be found in the reply to [Question No. 6](#) in Part 1 of this Handbook.

If you have doubts or are unable to determine the appropriate tariff classification of your goods you are advised to contact your local customs office or other appropriate body who will be able to assist you.

Article 8 lays down the rule for determining the unit of qualification to be used on documentation. The reference point in this matter is the Harmonized System. Therefore if an item is composed of a number of components that are classified as a unit in the HS then that is the unit to be used in determining and claiming preference. Sets fall into this category.

If a product is comprised of two or more components but is regarded as a single item in the HS then for the purposes of the Origin Protocols it shall be also regarded as a single item.

If a consignment is made up of a number of identical or similar items then each individual item is to be taken into account when applying the provisions of the Protocols.

When packaging is included with the product for classification, it must be included also for the determination of origin.

An example of how the unit of qualification is applied is set out below.

Example:

1. *HS heading 9605 covers various kinds of travel sets for personal use. When determining the origin rule to be applied to such travel sets it will be the rule applicable to heading 9605 not the rule applicable to each individual component.*

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Article 9

Accessories, spare parts and tools

Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle, which are part of the normal equipment and included in the price thereof or which are not separately invoiced, shall be regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

COMMENTS:

Quite often machinery and equipment are exported with accessories, spare parts or tools required for its maintenance. In cases where such accessories, etc, are part of the normal equipment and are included in the price or are not separately invoiced, they shall be considered as part of the consignment and therefore no account will be taken of them in their own right.

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Article 10

Sets

Sets, as defined in General Rule 3 of the Harmonized System, shall be regarded as originating when all component products are originating. Nevertheless, when a set is composed of originating and non-originating products, the set as a whole shall be regarded as originating, provided that the value of the non-originating products does not exceed 15% of the ex-works price of the set.

EXPLANATORY NOTE:

Article 10 - Origin rule for sets

The origin rule for sets applies only to sets within the meaning of General Rule 3 for the interpretation of the Harmonized System.

According to this provision each product of which the set is composed, with the exception of products the value of which does not exceed 15 per cent of the total value of the set, must fulfil the origin criteria for the heading under which the product would have been classified if it were a separate product and not included in a set regardless of the heading under which the whole set is classified in accordance with the text of the General Rule referred to above.

These provisions remain applicable even if the 15 per cent tolerance is used for that product which under the text of the General Rule referred to above determines the classification of the whole set.

COMMENTS:

Sets quite often present unique problems for customs. Besides the tariff classification of sets and determining the essential character of the whole for classification purposes it is also necessary to determine the origin of sets when they are exported.

Apart from the fact that the tariff classification of sets must follow the strict rules set out in the Interpretative Rules to the HS, they also pose problems from the point of view of origin. In determining the origin of sets you must first of all determine the origin of the individual components.

If all the constituent parts are originating the set will also be originating. However sets comprising originating and non-originating constituents may also obtain origin provided that the non-originating elements do not exceed 15% of the ex-works price of the set.

Example:

A personal grooming set for travellers comprising the following:

*plastic comb,
small glass mirror
nail file
nail clippers
small scissors*

*razor for use with disposable blades (blades not included)
paper board presentation case*

If all the components have been manufactured in a single country or in a number of countries within the pan-Euro-Mediterranean cumulation zone with which cumulation is applicable the final set will have origin.

If, for example, the plastic comb and the razor are manufactured in Hong Kong the value of these non-originating components must be determined in order to make sure it does not exceed 15% of the ex-works price of the set. If the Hong Kong components do not exceed 15% of the ex-works price, the set is considered to be originating.

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Article 11

Neutral elements

In order to determine whether a product originates, it shall not be necessary to determine the origin of the following which might be used in its manufacture:

- (a) energy and fuel;*
- (b) plant and equipment;*
- (c) machines and tools;*
- (d) goods which do not enter and which are not intended to enter into the final composition of the product.*

COMMENTS:

The term "neutral elements" covers those elements that are not an integral part of the finished product. Therefore, no account is taken of the origin of the fuel, machine tools or the energy required to operate them, robots etc, used in its production.

Example:

Steam turbines of HS heading 8406 are manufactured in Norway from originating and non-originating materials. The turbines are manufactured using Japanese plant and machine tools. The rule specifies that in order for steam turbines to obtain preferential origin any non-originating materials must not exceed 40% of the ex-works price of the finished product.

In calculating whether the 40% non-originating materials rule is met, the producer does not need to add a cost element attributable to the Japanese plant and equipment. In fact the cost of plant and equipment to a manufacturer is an overhead and some element of such capital expenditure would find its way into the price for the turbines. It may be included therefore along with profit in the 60% originating element of the costing equation. Note however, that it would never be an originating *material* element in the costing.

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Title III

Territorial requirements

The next three Articles comprise Title III of the Protocol. They are concerned with questions of territoriality, direct transport of goods from one place to another and finally the specific regulations relating to exhibitions.

It is worth noting that while Articles 12 and 13 both concern goods leaving and returning to the zone there is a distinct difference between them.

- Article 12 deals with the situation where goods leave the territory of the zone, whether or not for further working or processing, **and return to the exporting country of the zone;**
- Article 13 covers cases where goods transported from one party to another party of the zone transit through the territory of a third country or countries.

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Article 12

Principle of territoriality

1. Except as provided for in [Article 2\(1\)\(c\)](#), [Articles 3](#) and [4](#) and paragraph 3 of this Article, the conditions for acquiring originating status set out in Title II must be fulfilled without interruption in the Community or in Switzerland.

2. Except as provided for in [Articles 3](#) and [4](#), where originating goods exported from the Community or from Switzerland to another country return, they must be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:

(a) the returning goods are the same as those exported;

and

(b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.

3. The acquisition of originating status in accordance with the conditions set out in Title II shall not be affected by working or processing done outside the Community or Switzerland on materials exported from the Community or from Switzerland and subsequently re-imported there, provided:

(a) the said materials are wholly obtained in the Community or in Switzerland or have undergone working or processing beyond the operations referred to in [Article 7](#) prior to being exported;

and

(b) it can be demonstrated to the satisfaction of the customs authorities that:

i) the re-imported goods have been obtained by working or processing the exported materials;

and

ii) the total added value acquired outside the Community or Switzerland by applying the provisions of this Article does not exceed 10 % of the ex-works price of the end product for which originating status is claimed.

4. For the purposes of paragraph 3, the conditions for acquiring originating status set out in Title II shall not apply to working or processing done outside the Community or Switzerland. But where, in the list in [Annex II](#), a rule setting a maximum value for all the non-originating materials incorporated is applied in determining the originating status of the end product, the total value of the non-originating materials incorporated in the territory of the party concerned, taken together with the total added value acquired outside the Community or Switzerland by applying the provisions of this Article, shall not exceed the stated percentage.

5. For the purposes of applying the provisions of paragraphs 3 and 4, 'total added value' shall be taken to mean all costs arising outside the Community or Switzerland, including the value of the materials incorporated there.

6. *The provisions of paragraphs 3 and 4 shall not apply to products which do not fulfil the conditions set out in the list in Annex II or which can be considered sufficiently worked or processed only if the general tolerance fixed in Article 6(2) is applied.*

7. *The provisions of paragraphs 3 and 4 shall not apply to products of Chapters 50 to 63 of the Harmonized System.*

8. *Any working or processing of the kind covered by the provisions of this Article and done outside the Community or Switzerland shall be done under the outward processing arrangements or similar arrangements.*

COMMENTS:

In the previous eleven articles all physical aspects of what determines a product's origin are discussed. Article 12 turns attention to the geographical restrictions that the origin rules impose.

Articles 2, 3 and 4 list the countries and territories in which the so-called pan-Euro-Mediterranean cumulation system of origin operates and specify the conditions under which goods may have preferential origin within the pan-Euro-Mediterranean area.

Article 12 commences by reaffirming the necessity of complying with the provisions of Articles 2, 3 and 4. One of those provisions requires, with some exceptions, that working or processing must be carried out in the zone. In modern manufacturing practice it is sometimes necessary to send products to another country for special processing which cannot be performed inside the territory of the zone and Article 12 covers such situations.

However, the provisions of this Article apply only to goods exported in such circumstances outside the zone when they return to the exporting country. The provisions will not apply if the exporting country of the zone is different from the importing country of the zone. This is the reason why this extra territorial processing shall be done under outward processing or similar arrangements.

Article 12(1) specifies that the conditions laid down in all the Articles of Title II of the Protocol for the acquisition of origin must be fulfilled.

Article 12(2) addresses the matter of originating goods that leave the territory of the zone and, for whatever reason, are returned. If it can be proved to the satisfaction of customs that the returning goods are the same goods which left the zone, and that during the period they were outside the territory of the zone nothing has been done to them to alter them in anyway, the goods may be considered as originating within the zone on their return. If this cannot be proved then the returned goods will be regarded as non originating.

Article 12(3) points out that despite the preceding paragraph (2) there are exceptional circumstances where working or processing can be carried out outside the pan-Euro-Mediterranean cumulation zone without the final product losing its originating status. Those conditions are:

- a) that the goods exported for working or processing outside the zone are originating within the zone;

- b) it has to be shown that the re-imported goods are the result of working or processing carried out in the third country on the previously exported materials;
- c) the total added value acquired outside the pan-Euro-Mediterranean cumulation zone does not exceed 10% of the ex-works price of the product for which preference is being sought.

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

Under conditions of the Pan-Euro-Mediterranean cumulation of origin, Article 12 applies not only when an originating product is exported to a third country but also to a country of the zone with which cumulation is not applicable.

The provisions of this Article do not apply to textile products of Chapters 50 to 63 inclusive.

If the final product obtains originating status by virtue of applying the 10% tolerance rule under Article 6(2), the tolerance permitted under this Article cannot 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 contracting parties generally should not be taken into account. Nevertheless, the value-added rule in Annex II applies to the final product and the total value of the working or processing done outside the territory of the contracting parties must be taken together with the value of the non-originating materials incorporated in the territory of the contracting party 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 Annex II.

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Article 13

Direct transport

1. *The preferential treatment provided for under the Agreement applies only to products, satisfying the requirements of this Protocol, which are transported directly between the Community and Switzerland or through the territories of the other countries referred to in Articles 3 and 4 with which cumulation is applicable. However, products constituting one single consignment may be transported through other territories with, should the occasion arise, trans-shipment or temporary warehousing in such territories, provided that they remain under the 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.*

Originating products may be transported by pipeline across territory other than that of the Community or Switzerland.

2. *Evidence that the conditions set out in paragraph 1 have been fulfilled shall be supplied to the customs authorities of the importing country by the production of:*

(a) *a single transport document covering the passage from the exporting country through the country of transit; or*

(b) *a certificate 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

(iii) *certifying the conditions under which the products remained in the transit country; or*

(c) *failing these, any substantiating documents.*

COMMENTS:

The purpose of Article 13 is to ensure that when goods are being transported between contracting partners they are subject to customs control, even if transportation necessitates leaving the territory of the pan-Euro-Mediterranean cumulation zone and involves stopovers along the route.

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 zone and to prevent goods which are in breach of that condition from benefiting from preferential origin. Article 13 lays down special conditions to cover such situations.

- (a) The first concerns direct transportation between neighbouring countries within the zone where they have a common border. Such transportation should not present any control difficulties, as the goods will remain within the borders of the zone.

- (b) The second scenario involves indirect transportation between two countries of the zone through the territory of other countries of the zone with which cumulation is applicable. This situation should not present any major difficulties either, as the transportation is carried out within the zone.
- (c) The third situation involves goods that move between two countries of the zone passing on the way through territory outside the area covered by Article 3 and 4. Such journeys may involve passing through more than one country and may require stopovers along the route. In such cases there are strict obligations placed on the exporter that must be complied with and proof of compliance must be provided when requested by customs.

In all the above cases goods may be transported by any means of transport. Furthermore, the situations outlined in (a) and (b) above generally create no difficulties, as consignments will be accompanied by a single transport document. It is the third case, outlined at (c), which can give rise to difficulties.

For cases such as that outlined at (c) the following conditions must be complied with.

- a) only single consignments accompanied by appropriate documentation may benefit from this provision.
- b) goods transhipped in this manner must always remain under the surveillance of the customs authorities. The goods may also have to be unloaded and reloaded during the journey and operations for the purpose of maintaining them in good condition may have to be undertaken. Such operations are allowed provided they are carried out under the surveillance of the local customs authorities.

In all cases of transhipment or temporary warehousing in territories outside the zone it is necessary to be able to prove that the consignment that has left the exporting country is the same as that which arrives in the importing country.

The proof required can take any of the three forms outlined in Article 13(2). In the absence of a single transport document (e.g. a through bill of lading) the customs authorities of the countries through which the goods transit must provide documentary proof that the consignment was at all times under their surveillance when on their territory. Such proof must contain the details outlined at Article 13(2). In simple terms such documentary proof must detail the history of the journey of the consignment through their territory and the conditions under which the surveillance has been conducted. This documentary proof is known as a certificate of non-manipulation.

In the absence of either of the foregoing proofs any other substantiating documents can be presented in support of a claim to preference. However it is difficult to envisage any other documents (e.g. commercial documents) that would adequately demonstrate that all the conditions of paragraph 1 of the Article were satisfied.

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Article 14

Exhibitions

1. *Originating products, sent for exhibition in a country other than those referred to in Articles 3 and 4 with which cumulation is applicable and sold after the exhibition for importation in the Community or in Switzerland shall benefit on importation from the provisions of the Agreement provided it is shown to the satisfaction of the customs authorities that:*

(a) *an exporter has consigned these products from the Community or from Switzerland to the country in which the exhibition is held and has exhibited them there;*

(b) *the products have been sold or otherwise disposed of by that exporter to a person in the Community or in Switzerland;*

(c) *the products have been consigned during the exhibition or immediately thereafter in the state in which they were sent for exhibition;*

and

(d) *the products have not, since they were consigned for exhibition, been used for any purpose other than demonstration at the exhibition.*

2. *A proof of origin must be issued or made out in accordance with the provisions of Title V and submitted to the customs authorities of the importing country in the normal manner. The name and address of the exhibition must be indicated thereon. Where necessary, additional documentary evidence of the conditions under which they have been exhibited may be required.*

3. *Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organised for private purposes in shops or business premises with a view to the sale of foreign products, and during which the products remain under customs control.*

COMMENTS:

This Article covers originating goods which are purchased at a public exhibition held in a third country. **The provisions of this Article do not apply to products purchased at private exhibitions in shops or business premises.** It applies solely to the kinds of exhibitions described in Article 14(3).

In the case of trade, industrial and crafts exhibitions it is important to be able to prove that the goods sent for exhibition have not in any way been altered, processed or differ in any respect from when they left the zone. Another requirement is that the goods have not been used for any purpose other than demonstration at the exhibition and that they are consigned to one of the contracting parties within the zone either during, or immediately, after the exhibition has ended.

Exhibits that are sold during or after an exhibition may benefit from preferential origin provided it can be proved that:

1. they were sent from one of the contracting parties (e.g. Switzerland) to an exhibition where they were put on show;
2. that the exporter has sold them to a person in another contracting party (e.g. the Community);
3. that they were consigned during or immediately after the exhibition in an unchanged condition; and
4. that they have been used only for demonstration or exhibition purposes since they were consigned for exhibition.

Note that all the conditions of this Article must be fulfilled, otherwise the returning exhibits will be regarded as non-originating goods and will be treated accordingly.

Finally, a proof of origin must be issued or made out in accordance with the provisions of the relevant Articles of Title V of the Protocol. (Please see the explanations for the relevant Articles concerning proofs of origin).

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TITLE IV

DRAWBACK OR EXEMPTION

Article 15

Prohibition of drawback of, or exemption from, customs duties

1. (a) *Non-originating materials used in the manufacture of products originating in the Community, in Switzerland or in one of the other countries referred to in Articles 3 and 4 for which a proof of origin is issued or made out in accordance with the provisions of Title V shall not be subject in the Community or in Switzerland to drawback of, or exemption from, customs duties of whatever kind.*

(b) *Products falling within Chapter 3 and headings 1604 and 1605 of the Harmonized System and originating in the Community as provided for in Article 2(1)(c), for which a proof of origin is issued or made out in accordance with the provisions of Title V shall not be subject in the Community to drawback of, or exemption from, customs duties of whatever kind.*

2. *The prohibition in paragraph 1 shall apply to any arrangement for refund, remission or non-payment, partial or complete, of customs duties or charges having an equivalent effect, applicable in the Community or in Switzerland to materials used in the manufacture and to products covered by paragraph 1(b) above, where such refund, remission or non-payment applies, expressly or in effect, when products obtained from the said materials are exported and not when they are retained for home use there.*

3. *The exporter of products covered by a proof of origin shall be prepared to submit at any time, upon request from the customs authorities, all appropriate documents proving that no drawback has been obtained in respect of the non-originating materials used in the manufacture of the products concerned and that all customs duties or charges having equivalent effect applicable to such materials have actually been paid.*

4. *The provisions of paragraphs 1 to 3 shall also apply in respect of packaging within the meaning of Article 8(2), accessories, spare parts and tools within the meaning of Article 9 and products in a set within the meaning of Article 10 when such items are non-originating.*

5. *The provisions of paragraphs 1 to 4 shall apply only in respect of materials which are of the kind to which the Agreement applies. Furthermore, they shall not preclude the application of an export refund system for agricultural products, applicable upon export in accordance with the provisions of the Agreement.*

Article on the prohibition of drawback in the origin protocols with Morocco, Algeria, Tunisia, Egypt, West Bank and Gaza Strip, Jordan, Lebanon and Syria includes two more paragraphs which read as follows:

6. *The prohibition in paragraph 1 shall not apply if the products are considered as originating in the Community or Jordan without application of cumulation with materials originating in one of the other countries referred to in Articles 3 and 4.*

7. *Notwithstanding paragraph 1, Jordan may, except for products falling within Chapters 1 to 24 of the Harmonized System, apply arrangements for drawback of, or exemption from, customs duties or charges having an equivalent effect, applicable to non-originating materials used in the manufacture of originating products, subject to the following provisions:*

(a) a 5 per cent% rate of customs charge shall be retained in respect of products falling within Chapters 25 to 49 and 64 to 97 of the Harmonized System, or such lower rate as is in force in Jordan;

(b) a 10 per cent% rate of customs charge shall be retained in respect of products falling within Chapters 50 to 63 of the Harmonized System, or such lower rate as is in force in Jordan.

The provisions of this paragraph shall apply until 31 December 2009 and may be reviewed by common accord.

EXPLANATORY NOTE:

Article 15 - Drawback in cases of errors

Drawback or remission of duty can only be given in the case that proof of origin has been wrongly issued or made out if the following three conditions have been met:

- (a) the wrongly issued or made out proof of origin is returned to the authorities in the country of export, or, as an alternative, a written statement is made by the authorities in the importing country that no preference has been or will be granted;
- (b) the products used in the manufacture would have been entitled to drawback or remission of duties under the provisions in force if a proof of origin had not been used to claim preference;
- (c) the period allowed for repayment has not been exceeded and the conditions laid down in the national law of the country concerned governing repayment are met.

COMMENTS:

Before explaining the provisions of this Article it is perhaps necessary to give a brief explanation concerning the term "drawback". When goods arrive in the Community from a third country they may be liable to customs duty at a specific rate. Similarly when Community goods arrive in a partner country they, too, are liable for duties. Before taking delivery of the goods these duties must be paid by the importer or his agent.

‘Drawback’ refers to the waiver or refund of such duties on materials used in the manufacture of a product for exportation.

The intention of this Article is to prevent "drawback" on any non-originating goods used in the working or processing of an originating product. **All duties to which the non originating goods are liable must be paid and at no time waived or refunded** and proof to that effect must be made available to the customs when they request it.

In the case of a proof of origin that has been wrongly issued or made out it is possible to claim drawback on the non-originating products provided the following three conditions are met:

- 1) the wrongly issued proof of origin is returned to the customs authorities of the exporting country or a written statement that no preference has been, or will be, granted is given by the authorities in the importing country;
- 2) the non-originating products would have been entitled to drawback if the erroneous proof of origin had not been used to claim preference; and
- 3) the period allowed for the repayment in the country concerned has not been exceeded and that the relevant conditions laid down in the national law of that country have also been complied with.

EXPLANATORY NOTE:

Article 15 – Prohibition of drawback in bilateral and in diagonal trade

The prohibition of drawback is applicable as soon as the originating status of the product was obtained on the basis of cumulation with materials originating in the countries referred to in Articles 3 and 4 other than the country of destination or if a proof of origin EUR-MED is issued with a view of a subsequent application of the diagonal cumulation. In the agreements between the EC, Bulgaria, Romania, Turkey, Switzerland, Norway, Iceland and the Faeroe Islands and in the agreement between the EC and Israel, the prohibition of drawback is always applicable.

EXAMPLES:

1. Example of the possibility of drawback in bilateral trade:

Aluminium originating from the United Arab Emirates is imported into Egypt where aluminium screws (HS 7616) are manufactured. The final product originating in Egypt is exported to the Community.

Since Egyptian originating status is obtained on the basis of sufficient working and processing and not on the basis of cumulation with materials originating in one of the countries referred to in Articles 3 and 4, Egyptian customs authorities can grant drawback for non-originating materials used in the manufacture of the originating products when it is exported to the Community.

However the screws cannot be used in the Community for the purpose of pan-Euro-Mediterranean cumulation.

In this example the screws originating in Egypt can only be exported to the Community with a movement certificate EUR.1 or an invoice declaration.

2. Example of the prohibition of drawback in diagonal trade:

Oranges from Costa Rica (HS 0805) and sugar originating in the EC (HS 1701) are imported into Jordan where orange juice (2009) is produced. The value of the EC originating sugar exceeds 30% of the ex-works price. The Jordanian originating product is exported to Egypt.

Since the origin of the final product is obtained in Jordan on the basis of cumulation with one of the countries referred to in article 3 and 4, in this case the EC, the non-originating materials cannot be subject in Jordan to drawback of, or exemption from, customs duties of whatever kind. Thus if a preferential proof of origin is made out in Jordan, customs duties need to be paid on the oranges originating in Costa Rica.

In this example the product originating in Jordan can be only exported to Egypt with a movement certificate EUR-MED or an invoice declaration EUR-MED. Moreover, the juice can be re-exported in the context of diagonal cumulation from Egypt to other countries referred to in Articles 3 and 4.

[the use of movement certificates EUR.1 and EUR-MED is explained more in details in the Note to Article 17.4]

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COMMENTS

Prohibition of drawback is always applicable in trade, whether bilateral or diagonal, between the EC, Bulgaria, Romania, Turkey, Switzerland, Norway, Iceland and the Faeroe Islands and in the agreement between the EC and Israel.

Drawback is possible in purely bilateral trade between the EC and Morocco, Algeria, Tunisia, Egypt, West Bank and Gaza Strip, Jordan, Lebanon and Syria.

Morocco, Algeria, Tunisia, Egypt, the West Bank and Gaza Strip, Jordan, Lebanon and Syria can apply partial drawback. The application of partial drawback does not exclude goods from diagonal cumulation.

Title V

Proof of origin

Title V of the Protocols comprises 16 Articles. Those Articles describe the kinds of proofs of origin available to traders and set out the procedures to be adopted for issuing those proofs of origin.

If origin can be described as the "economic" nationality of goods, proofs of origin could be compared to their "passports" or "identity cards". Proofs of origin do just that, they prove that the goods they accompany have fulfilled the origin requirements set out in Articles 5 to 7 inclusive as well as the other relevant provisions of the origin rules, in particular the no-drawback rule in Article 15.

There are four kinds of proofs of origin: a movement certificate EUR.1, a movement certificate EUR-MED, an "invoice declaration" and an "invoice declaration EUR-MED". Either of those documents may be presented to customs in support of a claim for preferential origin. Which document should be used is determined by the criteria set out in this part of the Protocol.

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Article 16

General requirements

1. *Products originating in the Community shall, on importation into Switzerland and products originating in Switzerland shall, on importation into the Community benefit from the Agreement upon submission of one of the following proofs of origin:*

- (a) *a movement certificate EUR.1, a specimen of which appears in Annex III a;*
- (b) *a movement certificate EUR-MED, a specimen of which appears in Annex III b;*
- (c) *in the cases specified in Article 22(1), a declaration, subsequently referred to as the 'invoice declaration' or the 'invoice declaration EUR-MED', given by the exporter on an invoice, a delivery note or any other commercial document which describes the products concerned in sufficient detail to enable them to be identified; the texts of the invoice declarations appear in Annexes IV a and b.*

2. *Notwithstanding paragraph 1, originating products within the meaning of this Protocol shall, in the cases specified in Article 27, benefit from the Agreement without it being necessary to submit any of the documents referred to above.*

EXPLANATORY NOTE:

Article 16 - Documentary proofs for used goods

Proofs of origin may be issued also for used or any other goods where, because of a considerable time lapse between the date of production or importation on the one hand and the date of exportation on the other hand, the usual supporting documents are no longer available, provided that:

- (a) the date of production or importation of the goods lies beyond that period of time during which, according to the respective legislation in the country of exportation, records must be kept by traders;
- (b) the goods can be deemed to be originating on the grounds of other evidences, like declarations of the producer or any other trader, an expert's opinion, by marks on the goods or descriptions of them, etc.;
- (c) there is no indication that the goods do not comply with the requirements of the origin rules.

Article 16 (and 25) - Submission of proof of origin in case of electronic transmission of the import declaration

In cases where import declarations are transmitted electronically to the customs authorities of the importing State, it rests with these authorities to decide, within the framework and according to the provisions of the customs legislation applicable in the importing State, when and to what extent the documents constituting proofs of originating status shall actually be submitted.

COMMENTS:

The granting of preferential origin is generally conditional on the presentation of a valid proof of origin. The required proof is either a movement certificate EUR.1 or an invoice declaration, or a movement certificate EUR-MED or an invoice declaration EUR-MED. Articles 17 and 22 deal respectively with those forms of proof.

In the case of small parcels being sent from one person to another or goods in the personal baggage of travellers, they are exempt from the requirement to present a proof of origin under certain circumstances that are discussed at Article 27.

Before setting out to obtain a proof of origin it is necessary to determine the origin of your goods by reference to the preceding Articles. You must determine whether or not they have been wholly obtained or sufficiently worked, whether all required customs duties or equivalent charges have been fully paid, where appropriate, and the correct tariff classification, etc., as described in the preceding Articles of the Protocol.

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Article 17

Procedure for the issue of a movement certificate EUR.1 or EUR-MED

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

2. For this purpose, the exporter or his authorised representative shall fill out both the movement certificate EUR.1 or EUR-MED and the application form, specimens of which appear in the Annexes III a and b. These forms shall be completed in one of the languages in which this Agreement is drawn up and in accordance with the provisions of the domestic law of the exporting country. If they are handwritten, they shall be completed in ink in printed characters. The description of the products must be given in the box reserved for this purpose without leaving any blank lines. Where the box is not completely filled, a horizontal line must be drawn below the last line of the description, the empty space being crossed through.

3. The exporter applying for the issue of a movement certificate EUR.1 or EUR-MED shall be prepared to submit at any time, at the request of the customs authorities of the exporting country where the movement certificate EUR.1 or EUR-MED is issued, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of the other requirements of this Protocol.

4. Without prejudice to paragraph 5, a movement certificate EUR.1 shall be issued by the customs authorities of a Member State of the Community or of Switzerland in the following cases:

- if the products concerned can be considered as products originating in the Community, in Switzerland or in one of the other countries referred to in Articles 3(1) and 4(1) with which cumulation is applicable, without application of cumulation with materials originating in one of the countries referred to in Articles 3(2) and 4(2), and fulfil the other requirements of this Protocol;

- if the products concerned can be considered as products originating in one of the countries referred to in Articles 3(2) and 4(2) with which cumulation is applicable, without application of cumulation with materials originating in one of the countries referred to in Articles 3 and 4 and fulfil the other requirements of this Protocol, provided a certificate EUR-MED or an invoice declaration EUR-MED has been issued in the country of origin.

5. A movement certificate EUR-MED shall be issued by the customs authorities of a Member State of the Community or of Switzerland, if the products concerned can be considered as products originating in the Community, in Switzerland or in one of the other countries referred to in Articles 3 and 4 with which cumulation is applicable, fulfil the requirements of this Protocol and:

- cumulation was applied with materials originating in one of the countries referred to in Articles 3(2) and 4(2), or

- the products may be used as materials in the context of cumulation for the manufacture of products for export to one of the countries referred to in Articles 3(2) and 4(2), or

- the products may be re-exported from the country of destination to one of the countries referred to in Articles 3(2) and 4(2).

6. A movement certificate EUR-MED shall contain one of the following statements in English in Box 7:

- if origin has been obtained by application of cumulation with materials originating in one or more of the countries referred to in Articles 3 and 4:

'CUMULATION APPLIED WITH'(name of the country/countries)

- if origin has been obtained without the application of cumulation with materials originating in one or more of the countries referred to in Articles 3 and 4:

'NO CUMULATION APPLIED'

7. The customs authorities issuing movement certificates EUR.1 or EUR-MED shall take any steps necessary to verify the originating status of the products and the fulfilment of the other requirements of this Protocol. For this purpose, they shall 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. They shall also ensure that the forms referred to in paragraph 2 are duly completed. In particular, they shall check whether the space reserved for the description of the products has been completed in such a manner as to exclude all possibility of fraudulent additions.

8. The date of issue of the movement certificate EUR.1 or EUR-MED shall be indicated in Box 11 of the certificate.

9. A movement certificate EUR.1 or EUR-MED shall be issued by the customs authorities and made available to the exporter as soon as actual exportation has been effected or ensured.

Article 17 paragraph 4 and 5 in the origin protocols with Morocco, Algeria, Tunisia, Egypt, the West Bank and Gaza Strip, Jordan, Israel, Lebanon, Syria and Faroe Islands is slightly different and reads as follows:

4. A movement certificate EUR.1 shall be issued by the customs authorities of a Member State of the Community or of Jordan if the products concerned can be considered as products originating in the Community, in Jordan or in one of the other countries referred to in Articles 3 and 4 and fulfil the other requirements of this Protocol.

Without prejudice to paragraph 5, a movement certificate EUR.1 shall be issued by the customs authorities of a Member State of the Community or of Jordan in the following cases:

- if the products concerned can be considered as products originating in the Community or in Jordan without application of cumulation with materials originating in one of the other countries referred to in Articles 3 and 4, and fulfil the other requirements of this Protocol;
- if the products concerned can be considered as products originating in one of the other countries referred to in Articles 3 and 4 with which cumulation is applicable, without application of cumulation with materials originating in one of the countries referred to in Articles 3 and 4, and fulfil the other requirements

of this Protocol, provided a certificate EUR-MED or an invoice declaration EUR-MED has been issued in the country of origin.

5. A movement certificate EUR-MED shall be issued by the customs authorities of a Member State of the Community or of Jordan, if the products concerned can be considered as products originating in the Community, in Jordan or in one of the other countries referred to in Articles 3 and 4 with which cumulation is applicable, fulfil the requirements of this Protocol and:

- cumulation was applied with materials originating in one of the other countries referred to in Articles 3 and 4, or
- the products may be used as materials in the context of cumulation for the manufacture of products for export to one of the other countries referred to in Articles 3 and 4, or
- the products may be re-exported from the country of destination to one of the other countries referred to in Articles 3 and 4.

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EXPLANATORY NOTES:

Article 17 – Description of goods on movement certificate EUR 1 or EUR-MED

Cases of goods originating in two or more countries or territories

If the products covered by the movement certificate originate in more than one country or territory:

- box 4 (country, group of countries or territory in which the products are considered as originating) should bear the mention “see box 8”; and,
- box 8 (Item number; Marks and numbers; Number and kind of package; Description of the good): the name or official abbreviation of every country⁽⁵⁾ concerned shall be indicated for each item in this box.

⁵ The ISO-Alpha-2 and -3 codes for each one of the countries are the following:

- Andorra	AD	AND
- Algeria	DZ	DZA
- Bulgaria	BG	BGR
- Egypt	EG	EGY
- Faroe Islands	FO	FRO
- Iceland	IS	ISL
- Israel	IL	ISR
- Jordan	JO	JOR
- Lebanon	LB	LBN
- Morocco	MA	MAR
- Norway	NO	NOR
- Romania	RO	ROM
- San Marino	SM	SMR
- Switzerland	CH	CHE
- Syria	SY	SYR

Cases of large consignments

When the box, on the movement certificate EUR.1 or EUR-MED, provided for the description of the goods is insufficient to permit specification of the necessary particulars for identifying the goods, particularly in the case of large consignments, the exporter may specify the goods to which the certificate relates on attached invoices of the goods and, if necessary, additional commercial documents on condition that:

- (a) the invoice numbers are shown in Box 10 of the movement certificate EUR.1 or EUR-MED;
- (b) the invoices and, where relevant, additional commercial documents are firmly attached to the certificate prior to presentation to customs, and
- (c) the customs authorities have stamped the invoice and additional commercial documents, officially attaching them to the certificates.

Where applicable, the names or official abbreviations of the countries of origin as outlined in the previous note concerning Box 8 shall be indicated on the invoices and if relevant, any additional commercial document.

Article 17 – Goods exported by a customs clearance agent

A customs clearance agent may be allowed to act as the authorised representative of the person who is the owner of the goods or has a similar right of disposal over them, even in cases where the person is not situated in the exporting country, as long as the agent is in a position to prove the originating status of the goods.

Article 17 – certification of origin for the purpose of pan-Euro-Mediterranean cumulation

Optional use of the movement certificates EUR.1 and EUR-MED

A movement certificate EUR.1 or EUR-MED can be issued when the products concerned are either originating in the exporting country or in any of the other countries referred to in articles 3 and 4 on condition that cumulation with Faroe Islands or any of the Mediterranean countries other than Turkey HAS NOT BEEN APPLIED.

EXAMPLES:

1. *Example of the use of Eur.1 movement certificate when cumulation applied but no cumulation with the Mediterranean partner:*

Sugar (HS 1701) originating in the EC is imported into Switzerland where it is processed into sweets (HS 1704). The value of the EC originating sugar exceeds 30% of the ex-works price. The Swiss originating product is exported to Turkey.

- Tunisia	TN	TUN
- Turkey	TR	TUR
- West Bank and Gaza Strip	PS	PSE

No ISO-Alpha code exists for the Community but: EEC, EC, CEE or CE can be accepted.

Since the originating status is obtained in Switzerland on the basis of cumulation without application of cumulation with a Mediterranean partner and since the three countries are linked by free trade agreements, the Swiss customs authorities may issue a EUR.1 certificate for the exportation to Turkey.

However in this example a movement certificate EUR-MED can be issued by the Swiss administration also if the sweets could be used in Turkey in the context of cumulation with any of the other countries referred to in Articles 3 and 4, for example if the sweets are to be re-exported from Turkey to Tunisia. Therefore if the Swiss exporter duly applied to his customs administration for a EUR-MED certificate, his application should be accepted and a movement certificate EUR-MED issued. The movement certificate EUR-MED in box 7 shall contain the statement 'Cumulation applied with the EC'

2. Example of the use of Eur.1 movement certificate when no cumulation applied:

Embroidered curtains (HS 6303) are manufactured in Lebanon from non-originating single yarn. The final product is exported to the Community.

Since the originating status is obtained in Lebanon on the basis of sufficient working and processing and cumulation was not applied with any of the pan-Euro-Mediterranean countries, the Lebanese customs authorities may issue a movement certificate EUR.1 for the exportation to the Community.

However, the use of a movement certificate EUR-MED in this example is also possible provided the prohibition of drawback in Lebanon was respected. This would allow the re-exportation of the curtains to any of the other countries referred to in Articles 3 and 4. Therefore, likewise in the first example, if the Lebanese exporter duly applied to his customs administration for a EUR-MED certificate, his application should be accepted and a movement certificate EUR-MED issued. The movement certificate EUR-MED in box 7 shall contain the statement 'No cumulation applied'.

Mandatory use of the movement certificate EUR.1

A movement certificate EUR.1 must be issued when conditions for diagonal, pan-Euro-Mediterranean cumulation of origin are not satisfied. This happens when the prohibition of drawback is not respected in bilateral trade between any of the two countries referred to in Articles 3 and 4 (See '*Example of the possibility of drawback in bilateral trade*') or when cumulation of working or processing with Morocco, Tunisia or Algeria took place See '*Example of cumulation of working or processing (full cumulation)*'.

Mandatory use of the movement certificate EUR-MED

A movement certificate EUR-MED must be issued when the products concerned are originating either in the exporting country or in any of the other countries referred to in articles 3 and 4 and cumulation with Faroe Islands or any of the Mediterranean countries other than Turkey HAS BEEN APPLIED.

EXAMPLES:

1. Example of cumulation with materials originating in one of the Mediterranean countries:

Fabrics originating in Egypt (HS 5112) are imported into Norway where man's trousers (HS 6103) are manufactured. The originating status is obtained in Norway on the basis of cumulation applied with Egyptian materials and therefore when the final product is exported to the Community, Norwegian customs administration must issue a movement certificate EUR-MED containing the statement 'Cumulation applied with Egypt'.

2. Example of cumulation applied in one of the Mediterranean countries:

Norwegian wooden boards cut to size (HS 4407) are imported into Morocco where the wooden boxes are manufactured (HS 4415). The Moroccan originating status is obtained on the basis of cumulation in a country which is a signatory country of Barcelona Declaration and therefore when the final product is exported to the Community, Moroccan customs administration must issue a movement certificate EUR-MED containing the statement 'Cumulation applied with Norway'.

This Explanatory Note applies *mutatis mutandis* to Article 22.

COMMENTS:

The first thing to be understood about the issuing of an EUR.1 or EUR-MED certificate is that before the customs issue it, the exporter, or his agent, has the responsibility to provide the correct information to the customs in the application for the certificate. The amount of information to be provided will depend on the rule that must be satisfied. The required information will include some or all of the following:

- the tariff classification of the goods;
- the working and processing in the pan-Euro-Mediterranean cumulation zone;
- proof of origin of any materials or parts used for which originating status is claimed;
- details of any non-originating materials or parts used in the manufacture of the final product including their tariff classification and customs value;
- proof of payment of the relevant customs duties on non-originating goods used;
- any other substantiating documentation the customs request.

Article 17(2) sets out clearly how the request and certificate should be completed before being presented to the customs for issue. Attention should be paid to the details, i.e. how the different boxes are to be completed, especially that which relates to the description of the goods, the use of an ink pen or a ball-point pen and not a pencil or other erasable medium, the use of block or printed lettering instead of joined script, the use of the correct language, etc. Failure to comply with any of these simple rules will invariably cause delays in issuing certificates.

EUR.1 or EUR-MED certificates are issued by the customs of the exporting country on official forms. The form is comprised of two sheets and carries an identity number. The first sheet of the form contains the actual certificate and when the customs authorities have duly stamped it, it will be returned to the exporter. The second sheet comprises the application for

the certificate and will be retained by the customs authorities of the exporting state together with the annexes submitted with the application.

Once exportation of the goods has taken place or is ensured the exporter will be given the movement certificate by the customs authorities. However, if no certificate has been issued at the time of exportation there are provisions laid down in Article 18 for the retrospective issuing of certificates.

Please note that no words may be erased or over-written on an EUR.1 or EUR-MED certificate. Any alterations must be made by the exporter, or his agent, and must be endorsed by the customs authorities.

An agent may act as the authorised representative of the person who is the owner of the goods or the person who has the right of disposal over them even if the person the agent represents is not actually situated in the exporting country. However, the agent is obliged to be in a position to prove the origin of the goods for which preferential origin status is being sought.

QUESTIONS:

1. HOW SHOULD AN APPLICATION FOR A MOVEMENT CERTIFICATE BE COMPLETED?

As stated at the start of the explanation to Article 17, the first thing to be considered when applying for an EUR.1 or EUR-MED certificate is whether you have all the necessary information to make the application. The application form is to be found on the second sheet of the EUR I or EUR-MED certificate. The customs authorities of the exporting state will retain this part when they stamp the EUR.1 or EUR-MED.

Before starting to complete your application please read carefully both the certificate and the application to avoid errors. The following four points should also be taken into consideration:

- a. If the application is being made by hand it must be completed with either an ink or ballpoint pen.
- b. On the reverse of the second sheet the exporter must specify the reasons why he considers that the goods in question meet the conditions required for the application of preferential arrangements.
- c. The exporter must submit the various documents on which the application is based (e.g. copies of previously issued EUR.1 or EUR-MED movement certificates, invoices, customs' declarations, manufacturers' declarations etc.).
- d. The exporter or a representative authorised by the exporter for the purpose declaration must sign the declaration by hand.

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2. HOW SHOULD THE EUR 1 OR EUR-MED MOVEMENT CERTIFICATE BE COMPLETED?

The advice given in the answer to the previous question is valid here also. However, there are some further remarks, which apply here:

- a) The information relating to the goods should include a precise definition of the products in question, so that they can be identified without difficulty.
- b) The space reserved for the description of the goods must be completed in such a way that it is impossible to make alterations or subsequent additions. No spaces must be left between the items entered and a horizontal line must be drawn immediately below the last item. Any unused space must be struck through entirely.
- c) If there is insufficient space for all the goods in question to be entered, reference should be made to a supplementary document (invoice, detailed list, etc.). The supplementary document must be appended to the certificate.
- d) The name of the country, group of countries or territory in which the products are considered as originating must be given on the form ("box 4"). If the territory is the European Union, the words "European Community", "EC" or "EC" followed by the name of a Member State (e.g. "EC/Finland") may be given in this section, the result being the same. The Member State mentioned in "box 4" may not necessarily be the country in which the movement certificate is issued (e.g. the country named may be France while the certificate is issued in Germany).
- e) In case of EUR-MED certificate, box 7 has to be filled in: 'Cumulation applied with (name of the country/countries)' or 'No cumulation applied'
- f) The reverse side of the EUR 1 or EUR-MED certificate is for official purposes only and is not to be completed by the exporter.

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3. HOW SHOULD I INDICATE ORIGIN IF THE GOODS IN MY CONSIGNMENT ORIGINATE IN MORE THAN ONE COUNTRY?

If a consignment consists of goods originating in more than one country enter in "box 4" the phrase "see box 8". In box 8 you must then indicate the name or official abbreviation of the country of origin of each item. The abbreviations are based on the **ISO standard** and are indicated in the Explanatory Note to Article 17.

4. WHEN SHOULD I APPLY FOR A EUR.1 AND WHEN FOR A EUR-MED?

The certification of origin is one of the most important elements of the Pan-Euro-Mediterranean system of cumulation. It is linked both to variable geometry, full cumulation and the prohibition of drawback.

The movement certificate **EUR.1 can be issued** when the conditions for the Pan-Euro-Med trade are met. i.e.:

- the product originates from any of the countries of the zone;
- 'no drawback' rule respected;
- full cumulation not applied.

The movement certificate **EUR.1 must be issued** when the conditions for the diagonal, Pan-Euro-Med trade are not fulfilled, e.g.

- the product originates from any of the countries of the zone,

and

- full cumulation applied or
- drawback granted.

When the EUR.1 movement certificate has been issued, products concerned must stay on market of the importing country and cannot be re-exported under preferences to other countries of the zone (bilateral EC – Mediterranean partner Countries trade).

The movement certificate **EUR-MED can be issued** when the conditions for the diagonal, Pan-Euro-Med cumulation are fulfilled, i.e.:

- the product originates from any of the countries of the zone;
- 'no drawback' rule respected;
- full cumulation not applied.

The movement certificate **EUR-MED must be issued when** the above conditions for the diagonal, Pan-Euro-Med cumulation have been fulfilled and if cumulation with any of the Mediterranean countries has been applied. This is because the network of the FTAs with the Mediterranean Partners is not complete so it is absolutely necessary to trace back the countries participating in the acquisition of the originating status of the basis of cumulation.

When the EUR-MED movement certificate has been issued, products concerned can be re-exported under preferences, from the importing country to any other country of the zone with which Pan-Euro-Med cumulation is applicable (diagonal Pan-Euro-Med trade).

POINTS TO REMEMBER: When the movement certificate EUR-MED is issued, box 7 has to be fulfilled:

In cases when the product obtained its originating status on the basis of cumulation, the names of the countries from which materials originated have to be listed..

In cases when the originating product is wholly obtained or when non-originating materials used in the manufacturing were sufficiently processed, the box 'Cumulation not applied' has to be ticked.

Endorsements in box 7 'Cumulation applied with ...' and 'No cumulation applied' must be made in English.

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Article 18

Movement certificates EUR.1 or EUR-MED issued retrospectively

1. *Notwithstanding Article 17(9), a movement certificate EUR.1 or EUR-MED may exceptionally be issued after exportation of the products to which it relates if:*

(a) *it was not issued at the time of exportation because of errors or involuntary omissions or special circumstances;*

or

(b) *it is demonstrated to the satisfaction of the customs authorities that a movement certificate EUR.1 or EUR-MED was issued but was not accepted at importation for technical reasons.*

2. *Notwithstanding Article 17(9), a movement certificate EUR-MED may be issued after exportation of the products to which it relates and for which a movement certificate EUR.1 was issued at the time of exportation, provided that it is demonstrated to the satisfaction of the customs authorities that the conditions referred to in Article 17(5) are satisfied.*

3. *For the implementation of paragraphs 1 and 2, the exporter must indicate in his application the place and date of exportation of the products to which the movement certificate EUR.1 or EUR-MED relates, and state the reasons for his request.*

4. *The customs authorities may issue a movement certificate EUR.1 or EUR-MED retrospectively only after verifying that the information supplied in the exporter's application agrees with that in the corresponding file.*

5. *Movement certificates EUR.1 or EUR-MED issued retrospectively must be endorsed with the following phrase in English:*

"ISSUED RETROSPECTIVELY"

Movement certificates EUR-MED issued retrospectively by application of paragraph 2 must be endorsed with the following phrase in English:

'ISSUED RETROSPECTIVELY (Original EUR.1 no[date and place of issue]'

6. *The endorsement referred to in paragraph 5 shall be inserted in Box 7 of the movement certificate EUR.1 or EUR-MED.*

EXPLANATORY NOTES:

Article 18 - Technical reasons

A movement certificate EUR.1 or EUR-MED may be rejected for 'Technical reasons' because it was not made out in the prescribed manner. These are the cases which may give rise to subsequent presentation of a retrospectively-endorsed certificate and they include, by way of example, the following:

- the movement certificate EUR.1 or EUR-MED has been made out on a form other than the prescribed one (e.g. no guilloche background, differs significantly from the model in size or colour, no serial number, not printed in one of the officially-prescribed languages);
 - one of the mandatory boxes (e.g. Box 4 on the EUR.1 or EUR-MED) has not been filled in;
 - the movement certificate EUR.1 or EUR-MED has not been stamped and signed (i.e. in Box 11);
 - the movement certificate EUR. 1 and EUR-MED is endorsed by a non-authorized authority;
 - the stamp used is a new one which has not yet been notified;
 - the movement certificate EUR.1 or EUR-MED presented is a copy or photocopy rather than the original;
 - the entry in Box 2 or 5 refers to a country that does not belong to the Agreement (e.g. Ukraine or Cuba) or to the country with which cumulation is not applicable

Action to be taken:

The document should be marked '**DOCUMENT NOT ACCEPTED**', stating the reason(s), and then returned to the importer in order to enable him to get a new document issued retrospectively. The customs authorities, however, may keep a photocopy of the rejected document for the purposes of post-clearance verification or if they have grounds for suspecting fraud.

COMMENTS:

As mentioned in the explanation to Article 17 there are occasions when the customs may issue an EUR.1 or EUR-MED certificate after exportation. The applicant must satisfy the customs that the reasons for requesting a certificate to be issued after exportation are genuine. The details of the date and place of export must accompany the application for the certificate. Those details must agree with those in the corresponding file of the customs.

EUR.1 or EUR-MED certificates may only be issued retrospectively in certain circumstances. One of those circumstances is where the customs of an importing country have rejected the original certificate for "technical reasons". In order to give you an idea of what **may** be considered technical reasons, here are some examples:

Examples:

- a) One of the boxes which applicants are obliged to complete has not been filled in;
- b) the EUR.1 or EUR-MED certificate has not been signed or stamped by the customs;
- c) the EUR.1 or EUR-MED is a copy or a photocopy and not the original;
- d) the form on which the EUR1 or EUR-MED has been made out on does not conform to the precise specifications laid down in Annex III to the Protocol.

In the case where an EUR.1 or EUR-MED is rejected for technical reasons by the customs at importation it should be marked "DOCUMENT NOT ACCEPTED" and the reasons should also be stated. It should then be returned to the importer to allow him to obtain a new retrospectively issued document. The customs of the importing country may decide to keep a photocopy of the rejected document for post-verification purposes.

Note: A new retrospectively issued certificate may not replace a certificate rejected on grounds of non-compliance with the rules of origin.

Another reason for issuing movement certificates retrospectively relates to "exceptional circumstances". This is a vague term used to describe unforeseen or extraordinary circumstances. It is therefore impossible to detail all such cases but it is up to the customs authorities to decide whether a specific case can be regarded as exceptional.

It is also possible to issue retrospectively a movement certificate EUR-MED on the basis of the movement certificate EUR.1 but only if the conditions for the use of the EUR-MED certificate have been met, i.e. the product concerned qualifies for the diagonal, Pan-Euro-Mediterranean cumulation.

The endorsement 'Issued retrospectively' must be done in English.

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Article 19

Issue of a duplicate movement certificate EUR.1 or EUR-MED

1. *In the event of theft, loss or destruction of a movement certificate EUR.1 or EUR-MED, the exporter may apply to the customs authorities which issued it for a duplicate made out on the basis of the export documents in their possession.*
2. *The duplicate issued in this way must be endorsed with the following word in English:*

'DUPLICATE'
3. *The endorsement referred to in paragraph 2 shall be inserted in Box 7 of the duplicate movement certificate EUR.1 or EUR-MED.*
4. *The duplicate, which must bear the date of issue of the original movement certificate EUR.1 or EUR-MED, shall take effect as from that date.*

COMMENTS:

In such cases when the original movement certificate EUR1 or EUR-MED has been lost or destroyed trader can request the customs authorities of the exporting state to issue a duplicate certificate. **A duplicate is an exact copy of the original.** It must therefore cover the same goods and must replicate the original certificate in every detail. The period of validity of the original certificate applies also to the duplicate. A duplicate certificate must always bear the endorsement "DUPLICATE" in box 7. This endorsement must be done in English. It must always be borne in mind that before requesting an EUR.1 or EUR-MED certificate from the customs you must be able to satisfy them that the information you are giving them is correct and can be substantiated.

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Article 20

Issue of movement certificates EUR.1 or EUR-MED on the basis of a proof of origin issued or made out previously

When originating products are placed under the control of a customs office in the Community or in Switzerland, it shall be possible to replace the original proof of origin by one or more movement certificates EUR.1 or EUR-MED for the purpose of sending all or some of these products elsewhere within the Community or Switzerland. The replacement movement certificate(s) EUR.1 or EUR-MED shall be issued by the customs office under whose control the products are placed.

COMMENTS:

When consignments arrive in a partner country they may be split up into smaller consignments for clearance at different customs offices within that country. In such cases replacement movement certificates, issued on the basis of the EUR.1 or EUR-MED that accompanied the original consignment, must accompany each of the smaller consignments. The provisions of Article 20 permit the issuing of such replacement EUR.1 or EUR-MED movement certificates, however the consignment must be under the control of the customs which issue the replacements.

This Article applies only when consignments are split and sent elsewhere in the Community or split and sent to other destinations within the territory of a contracting partner. If products or part consignments are sent from one contracting party to another a new certificate must be issued under the provisions of [Article 17](#).

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Article 21

Accounting segregation

1. *Where considerable cost or material difficulties arise in keeping separate stocks of originating and non-originating materials which are identical and interchangeable, the customs authorities may, at the written request of those concerned, authorise the so-called 'accounting segregation' method to be used for managing such stocks.*
2. *This method must be able to ensure that, for a specific reference-period, the number of products obtained which could be considered as 'originating' is the same as that which would have been obtained if there had been physical segregation of the stocks.*
3. *The customs authorities may grant such authorisation, subject to any conditions deemed appropriate.*
4. *This method is recorded and applied on the basis of the general accounting principles applicable in the country where the product was manufactured.*
5. *The beneficiary of this facilitation may make out or apply for proofs of origin, as the case may be, for the quantity of products which may be considered as originating. At the request of the customs authorities, the beneficiary shall provide a statement of how the quantities have been managed.*
6. *The customs authorities shall monitor the use made of the authorisation and may withdraw it at any time whenever the beneficiary makes improper use of the authorisation in any manner whatsoever or fails to fulfil any of the other conditions laid down in this Protocol.*

EXPLANATORY NOTE:

Article 21 – Conditions for the use of "accounting segregation" for the management of stocks of materials used in manufacture

1. Authorisation to use accounting segregation for the management of stocks of materials used in manufacture shall be granted to any manufacturer who submits to the customs authorities a written request to this end and who satisfies all the conditions for the grant of the authorisation.
2. The applicant must demonstrate a need to use accounting segregation on the grounds of unreasonable costs or impracticability of holding stocks of materials physically separate according to origin.
3. The originating and non-originating materials must be of the same kind and commercial quality and possess the same technical and physical characteristics. It must not be possible to distinguish materials one from another for origin purposes once they are incorporated into the finished product.
4. The use of the system of accounting segregation shall not give rise to more products acquiring originating status that would have been the case had the materials used in the manufacture been physically segregated.

5. The accounting system must:
- maintain a clear distinction between the quantities of originating and non-originating materials acquired, showing the dates on which those materials were placed in stock and, where necessary, the values of those materials;
 - show the quantity of:
 - (a) originating and non-originating materials used and, where necessary, the total value of those materials;
 - (b) finished products manufactured;
 - (c) finished products supplied to all customers, identifying separately,
 - (i) supplies to customers requiring evidence of preferential origin (including sales to customers requiring evidence other than in the form of a proof of origin), and
 - (ii) supplies to customers not requiring such evidence;
 - be capable of demonstrating either at the time of manufacture or at the time of issue of any proof of origin (or other evidence of originating status), that stocks of originating materials were deemed available, according to the accounts, in sufficient quantity to support the declaration of originating status.
- 6.1 The stock balance to which reference is made in paragraph 5 final indent shall reflect both originating and non-originating materials entered in the accounts. The stock balance shall be debited for all finished products whether or not those products are supplied with a declaration of preferential originating status.
- 6.2 Where products are supplied without a declaration of preferential origin, the stock balance of non-originating materials only may be debited for as long as a balance of such materials is available to support such action. Where this is not the case, the stock balance of originating materials shall be debited.
- 6.3 The time at which the determination of origin is made (i.e. time of manufacture or date of issue of proof of origin or other declaration of origin) shall be agreed between the manufacturer and the customs authorities and be recorded in the authorisation granted by the customs authorities.
7. At the time of the application to commence using a system of accounting segregation, the customs authorities shall examine the manufacturer's records to determine opening balances of originating and non-originating materials that may be deemed to be held in stock.
8. The manufacturer must:
- accept full responsibility for the way the authorisation is used and for the consequences of incorrect origin statements or other misuses of the authorisation;
 - make available to the custom authorities, when requested to do so, all documents, records and accounts for any relevant period.

9. The customs authorities shall refuse authorisation to a manufacturer who does not offer all the guarantees that the customs authorities deem necessary for the proper functioning of the accounting segregation system.
10. The customs authorities may withdraw an authorisation at any time. They must do so whenever the manufacturer no longer satisfies the conditions or no longer offers the specified guarantees. In this case the authorities shall invalidate the proofs of origin or other documents justifying origin that have been incorrectly issued.

COMMENTS:

Very often producers now have to source their raw materials from both originating and non originating sources in order to keep up with consumer requirements. So as to ensure that any duties or similar charges with a customs effect have been paid on the non originating materials a form of accountancy known as "accounting segregation" may be used provided the producer is authorised to do so by the customs authorities.

A trader who applies for an authorisation to use accounting segregation must first of all be able to prove that physical segregation of materials would be either impractical or would involve unreasonable financial costs to him.

The primary condition attached to this method of accounting is that it must be evident that, for a given period, the number of originating products would be the same if the originating and non-originating materials or products had been physically separated. In other words, the amount of originating products resulting from the use of originating and non-originating materials or products must be the same, no matter which method of segregation is used.

It must also be impossible to distinguish the originating and non originating materials once they have been incorporated in the finished product. The accounting system must be able to maintain a clear distinction between the quantities of originating and non originating materials acquired and show the dates they were put in stock. It may be necessary to also indicate the values of the materials, both originating and non-originating. It must also be possible to identify the quantities of finished products manufactured by using the originating and non-originating materials as well as the quantities of the products supplied to those traders requiring proof of originating status and to those who do not have such requirements.

The purpose of this Article is to benefit those producers who are not in a position to physically separate originating and non-originating materials as well as to minimise the financial burden placed on manufacturers that physical segregation would incur.

However, only traders who have been authorised by the customs can avail of accounting segregation and the conditions for granting the authorisation will be laid down by the customs.

However, the customs also have the right to withdraw an authorisation should the producer no longer satisfy the conditions of his authorisation or no longer offers the guarantees specified in it. The customs will also invalidate any proofs of origin incorrectly issued as a result of the incorrect application of accounting segregation.

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Article 22

Conditions for making out an invoice declaration or an invoice declaration EUR-MED

1. *An invoice declaration or an invoice declaration EUR-MED as referred to in Article 16(1)(c) may be made out:*

(a) *by an approved exporter within the meaning of Article 23,*

or

(b) *by any exporter for any consignment consisting of one or more packages containing originating products whose total value does not exceed EUR 6,000.*

2. *Without prejudice to paragraph 3, an invoice declaration may be made out in the following cases:*

- if the products concerned can be considered as products originating in the Community, in Switzerland or in one of the other countries referred to in Articles 3(1) and 4(1) with which cumulation is applicable, without application of cumulation with materials originating in one of the countries referred to in Articles 3(2) and 4(2), and fulfil the other requirements of this Protocol;

- if the products concerned can be considered as products originating in one of the countries referred to in Articles 3(2) and 4(2) with which cumulation is applicable, without application of cumulation with materials originating in one of the countries referred to in Articles 3 and 4 and fulfil the other requirements of this Protocol, provided a certificate EUR-MED or an invoice declaration EUR-MED has been issued in the country of origin.

3. *An invoice declaration EUR-MED may be made out if the products concerned can be considered as products originating in the Community, in Switzerland or in one of the other countries referred to in Articles 3 and 4 with which cumulation is applicable, fulfil the requirements of this Protocol and:*

- cumulation was applied with materials originating in one of the countries referred to in Articles 3(2) and 4(2), or

- the products may be used as materials in the context of cumulation for the manufacture of products for export to one of the countries referred to in Articles 3(2) and 4(2), or

- the products may be re-exported from the country of destination to one of the other countries referred to in Articles 3(2) and 4(2).

4. *An invoice declaration EUR-MED shall contain one of the following statements in English:*

- if origin has been obtained by application of cumulation with materials originating in one or more of the countries referred to in Articles 3 and 4:

'CUMULATION APPLIED WITH'(name of the country/countries)

- if origin has been obtained without the application of cumulation with materials originating in one or more of the countries referred to in Articles 3 and 4:

'NO CUMULATION APPLIED'

5. *The exporter making out an invoice declaration or an invoice declaration EUR-MED shall be prepared to submit at any time, at the request of the customs authorities of the exporting country, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of the other requirements of this Protocol.*

6. *An invoice declaration or an invoice declaration EUR-MED shall be made out by the exporter by typing, stamping or printing on the invoice, the delivery note or another commercial document, the declaration, the texts of which appear in Annexes IV a and b, using one of the linguistic versions set out in that Annex and in accordance with the provisions of the domestic law of the exporting country. If the declaration is handwritten, it shall be written in ink in printed characters.*

7. *Invoice declarations and invoice declarations EUR-MED shall bear the original signature of the exporter in manuscript. However, an approved exporter within the meaning of Article 23 shall not be required to sign such declarations provided that he gives the customs authorities of the exporting country a written undertaking that he accepts full responsibility for any invoice declaration which identifies him as if it had been signed in manuscript by him.*

8. *An invoice declaration or an invoice declaration EUR-MED may be made out by the exporter when the products to which it relates are exported, or after exportation on condition that it is presented in the importing country no longer than two years after the importation of the products to which it relates.*

Article 22 paragraphs 2 and 3 in the origin protocols with Morocco, Algeria, Tunisia, Egypt, the West Bank and Gaza Strip, Jordan, Israel, Lebanon, Syria and Faroe Islands is slightly different and reads as follows:

2. An invoice declaration may be made out if the products concerned can be considered as products originating in the Community, in ["contracting party"]r in one of the other countries referred to in Articles 3 and 4 and fulfil the other requirements of this Protocol.2.

Without prejudice to paragraph 3, an invoice declaration may be made out in the following cases:

- if the products concerned can be considered as products originating in the Community or in Jordan without application of cumulation with materials originating in one of the other countries referred to in Articles 3 and 4, and fulfil the other requirements of this Protocol;
- if the products concerned can be considered as products originating in one of the other countries referred to in Articles 3 and 4 with which cumulation is applicable, without application of cumulation with materials originating in one of the countries referred to in Articles 3 and 4, and fulfil the other requirements

of this Protocol, provided a certificate EUR-MED or an invoice declaration EUR-MED has been issued in the country of origin.

3. An invoice declaration EUR-MED may be made out if the products concerned can be considered as products originating in the Community, in Jordan or in one of the other countries referred to in Articles 3 and 4 with which cumulation is applicable, fulfil the requirements of this Protocol and:

- cumulation was applied with materials originating in one of the other countries referred to in Articles 3 and 4, or
- the products may be used as materials in the context of cumulation for the manufacture of products for export to one of the other countries referred to in Articles 3 and 4, or
- the products may be re-exported from the country of destination to one of the other countries referred to in Articles 3 and 4.

EXPLANATORY NOTE:

Article 22 - Practical application of the provisions concerning invoice declaration and invoice declaration EUR-MED

The following guidelines shall apply:

- (a) The wording of the invoice declaration or of the invoice declaration EUR-MED shall be in conformity with the wording set out in Annex IVa or Annex IVb to the Protocol.

If the products covered by the invoice declaration or by the invoice declaration EUR-MED originate in more than one country or territory, an indication of the names or official abbreviations of all the countries concerned¹ or a reference to a specific indication in the invoice, must be entered in the wording of the invoice declaration.

¹ The ISO-Alpha-2 and -3 codes for each one of the countries are the following:

- Andorra	AD	AND
- Algeria	DZ	DZA
- Bulgaria	BG	BGR
- Egypt	EG	EGY
- Faroe Islands	FO	FRO
- Iceland	IS	ISL
- Israel	IL	ISR
- Jordan	JO	JOR
- Lebanon	LB	LBN
- Morocco	MA	MAR
- Norway	NO	NOR
- Romania	RO	ROM
- San Marino	SM	SMR
- Switzerland	CH	CHE
- Syria	SY	SYR
- Tunisia	TN	TUN
- Turkey	TR	TUR
- West Bank and Gaza Strip	PS	PSE

No ISO-Alpha code exists for the Community but: EEC, EC, CEE or CE can be accepted.

In the invoice or equivalent, the name or official abbreviation of every country shall be indicated for each item on the invoice;

- (b) The indication of non-originating products and therefore products which are not covered by the invoice declaration or by the invoice declaration EUR-MED should not be made on the declaration itself. However, this indication should appear on the invoice in a precise way so as to avoid any misunderstandings.
- (c) Declarations made on photocopied invoices are acceptable provided such declarations bear the signature of the exporter under the same conditions as the original. Approved exporters who are authorised not to sign invoice declarations or invoice declarations EUR-MED are not required to sign them if declarations are made on photocopied invoices.
- (d) An invoice declaration or an invoice declaration EUR-MED on the reverse of the invoice is acceptable.
- (e) The invoice declaration or an invoice declaration EUR-MED may be made on a separate sheet of the invoice provided that the sheet is obviously part of the invoice. A complementary form may not be used.
- (f) An invoice declaration or an invoice declaration EUR-MED made out on a label which is subsequently attached to the invoice is acceptable provided there is no doubt that the label has been affixed by the exporter. For example, the exporter's stamp or signature should cover both the label and the invoice.

Article 22 - Value basis for the issue and acceptance of invoice declarations or invoice declarations EUR-MED made out by any exporter

The ex-works price may be used as the value basis for deciding when an invoice declaration or an invoice declaration EUR-MED can be used instead of a movement certificate EUR. 1 or EUR-MED in reference to the value limit laid down in Article 22.1 (b). If the ex-works price is used as the value basis, the importing country shall accept invoice declarations or invoice declarations EUR-MED made out by reference to that.

In cases where there is no ex-works price owing to the fact that the consignment is supplied free of charge, the customs value established by the authorities of the country of importation shall be considered as the basis for the value limit.

COMMENTS:

Even though all consignments claiming preferential treatment must be accompanied by a proof of origin, it is possible to have a proof of origin other than an EUR.1 or EUR-MED in certain circumstances.

As an alternative to having an EUR.1 or EUR-MED certificate issued for every consignment an invoice declaration or an invoice declaration EUR-MED can be made out either by (1) an approved exporter for any consignment, regardless of its value, or (2) by any exporter for consignments, the total value of which does not exceed 6,000 euros. In determining the value of consignments for the purposes of making an invoice declaration or an invoice declaration

EUR-MED, reference should be made to the "ex-works price" as defined in [Article 1\(f\)](#) and to the Explanatory Note to that Article.

The purpose of this Article is to simplify the procedure for manufacturers who regularly export their produce to partner countries within the zone by not requiring them to have to apply to the customs authorities for an EUR.1 or EUR-MED for each consignment. However, before being allowed to issue invoice declarations or invoice declarations EUR-MED the approved exporter must satisfy certain rules and conditions laid down by the customs authorities of his country. Article 23 deals with that aspect of the system.

Whether or not a consignment can benefit from the concession for consignments of 6,000 euros or less will be determined by reference to the currency in which the invoice is drawn up. When the invoice is drawn up in a currency other than the euro the exchange rate for that currency shall serve as the reference point for determining whether or not the consignment qualifies for the concession. Please refer to [the explanation to Article 31 given in this Handbook](#).

With regard to the invoice declaration or invoice declaration EUR-MED itself, the text approved exporters **must** use is the following:

"The exporter of the products covered by this document (customs authorisation No...) declares that, except where otherwise clearly indicated, these products are of ... preferential origin".

or

"The exporter of the products covered by this document (customs authorisation No...) declares that, except where otherwise clearly indicated, these products are of ... preferential origin.

- cumulation applied with(name of the country/countries)

- no cumulation applied

"

In Annex IVa or Annex IVb to each Protocol the above text is reproduced in all Community working languages as well as the language of the country party to that Protocol. However in Appendix 3 to this Handbook you will find the text in all the working languages of the Community and all the official languages of the partner countries operating the pan-Euro-Mediterranean cumulation system of origin.

The text must be in any one of the working languages of the Community or any one of the other languages indicated in the Agreement of your trading partner. Therefore, please always check Annex IVa or Annex IVb of the Protocol to the relevant agreement in order to verify which languages are valid. However in case an invoice declaration EUR-MED is issued, the statements 'Cumulation applied with...' and 'No cumulation applied' – likewise for the certificates of origin – must remain in English

Another obligation of an exporter making out invoice declarations or invoice declarations EUR-MED is to provide the customs of the exporting country, when asked to do so, with all the supporting documentation proving the origin he has declared to be true. As in all cases concerning origin, the customs must be able to satisfy themselves that the declared origin is in fact correct.

The declaration itself has to be made out in the manner laid down in Article 22(6). Failure to do so will lead to difficulties and very likely non-acceptance of the declaration.

QUESTION:

1. HOW SHOULD AN INVOICE DECLARATION OR AN INVOICE DECLARATION EUR-MED BE COMPLETED?

When completing an invoice declaration or an invoice declaration EUR-MED the following points should be borne in mind:

- a) The wording of the declaration must conform to the wording set out in Annex IVa or Annex IVb to the Protocol;
- b) For consignments comprising goods originating in more than one country of the pan-Euro-Mediterranean cumulation zone, the names or official abbreviations of the countries concerned, or a reference to a specific indication in the invoice must be **entered in the wording of the invoice declaration or the invoice declarations EUR-MED.** (See the answer to Question 3 in the explanation to Article 17 and the Explanatory Note to the same Article for a list of the abbreviations);
- c) The name or official abbreviation for every country concerned should **be entered on the invoice** for each item listed;
- d) Declarations may be made on photocopies of invoices provided they bear the signature of the exporter, just as required on the original invoices. Approved exporters who are authorised not to sign original invoice declarations or invoice declarations EUR-MED need not sign such declarations made on photocopied invoices;
- e) An invoice declaration or an invoice declaration EUR-MED may be made out on the reverse side of an invoice;
- f) An invoice declaration or an invoice declaration EUR-MED may be made on a separate sheet of the invoice provided that the sheet is obviously part of the invoice;
- g) If an importer makes out the invoice declaration or the invoice declaration EUR-MED on a label that is subsequently attached to the invoice there should be no doubt that the label has been affixed by the exporter and his stamp or signature should cover both the label and the invoice;
- h) An invoice declaration or an invoice declaration EUR-MED given on a delivery note or other commercial document must identify the exporter.
- i) In case of an invoice declaration EUR-MED the necessary statement: 'Cumulation applied with (name of the country/countries)' or 'No cumulation applied' has to be made.

2. WHEN SHOULD I MAKE OUT AN INVOICE DECLARATION AND WHEN AN INVOICE DECLARATION EUR-MED?

See Question 4 to art. 17 in this Guide.

POINTS TO REMEMBER: When an invoice declaration EUR-MED is issued, the necessary statement must be made:

In cases when the product obtained its originating status on the basis of cumulation, the names of the countries from which materials originated have to be listed in the text of the declaration.

In cases when the originating product is wholly obtained or when non-originating materials used in the manufacturing were sufficiently processed, the line 'Cumulation applied with' should be deleted and 'Cumulation not applied' should remain.

Endorsements 'Cumulation applied with ...' and 'No cumulation applied' must be made in English.

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Article 23

Approved exporter

1. *The customs authorities of the exporting country may authorise any exporter, hereinafter referred to as 'approved exporter', who makes frequent shipments of products under this Agreement to make out invoice declarations or invoice declarations EUR-MED irrespective of the value of the products concerned. An exporter seeking such authorisation must offer to the satisfaction of the customs authorities all guarantees necessary to verify the originating status of the products as well as the fulfilment of the other requirements of this Protocol.*
2. *The customs authorities may grant the status of approved exporter subject to any conditions which they consider appropriate.*
3. *The customs authorities shall grant to the approved exporter a customs authorisation number which shall appear on the invoice declaration or on the invoice declaration EUR-MED.*
4. *The customs authorities shall monitor the use of the authorisation by the approved exporter.*
5. *The customs authorities may withdraw the authorisation at any time. They shall do so where the approved exporter no longer offers the guarantees referred to in paragraph 1, no longer fulfils the conditions referred to in paragraph 2 or otherwise makes an incorrect use of the authorisation.*

EXPLANATORY NOTE:

Article 23 - Approved exporter

The term "exporter" may refer to persons or undertakings exporting from the territory of one of the contracting parties, regardless of whether they are producers or traders, as long as they comply with all the other provisions of this Protocol. Customs clearance agents may not be granted approved exporter status within the meaning of this Protocol.

The status of approved exporter may be granted only after an exporter has submitted a written application. When examining this, the customs authorities should give particular consideration to the following points:

- whether the exporter exports regularly: here, rather than focusing on a given number of consignments or a particular sum, the customs authorities should look into how regularly the operator carries out such operations;
- whether the exporter is at all times in a position to supply evidence of origin for the goods to be exported. In this connection it is necessary to consider whether the exporter knows the current rules of origin and is in possession of all the documents proving origin. In the case of producers, the authorities must make sure that the undertaking's stock accounts allow identification of the origin of goods and, in the case of new undertakings, that the system they have installed will permit such identification. For operators who are traders only, examination should focus more specifically on their usual trade flows;

- whether, in the light of his past exporting record, the exporter offers sufficient guarantees concerning the originating status of the goods and the ability to meet all resulting obligations.

Once an authorisation has been issued, exporters must:

- undertake to issue invoice declarations or invoice declarations EUR-MED only for goods for which they hold all the necessary proof or accounting elements at the time of issue;
- assume full responsibility for the way the authorisation is used, particularly for incorrect origin statements or other misuse of the authorisation;
- assume responsibility for ensuring the person in the undertaking responsible for completing invoice declarations or invoice declarations EUR-MED knows and understands the rules of origin;
- undertake to keep all documentary proofs of origin for a period of at least three years from the date that the declaration or invoice declaration was made;
- undertake to produce proof of origin to the customs authorities at any time, and allow inspections by those authorities at any time.

The customs authorities must carry out regular controls on authorised exporters. These controls must ensure the continued compliance of the use of the authorisation and may be carried out at intervals determined, if possible, on the basis of risk analysis criteria.

The customs authorities must notify the Commission of the European Communities of the national numbering system used for designating authorised exporters. The Commission of the European Communities will then pass on the information to the customs authorities of the other countries.

COMMENTS:

An exporter is deemed to be the person or undertaking who either owns the goods or has the legal right to dispose of them. An exporter does not necessarily have to be the producer of the goods.

An approved exporter is an exporter who has met with certain conditions imposed by the customs authorities and has thus been granted certain rights, by those customs authorities, with regard to the proofs of origin he presents. In order to obtain that status an exporter must submit a written application to the customs authorities in accordance with national legislation.

An approved exporter will only obtain that status when he has satisfied the customs authorities of his suitability. In order to determine whether or not he is suitable, the customs may lay down whatever conditions they see fit and the exporter must comply with them. He must also give certain undertakings as required in paragraph 1 of this Article. Please remember that the conditions imposed in one partner country may differ from those imposed in another.

When an exporter has been approved by the customs they will grant him an authorisation number which he must quote on the invoice declaration. For their part the customs authorities of the partner countries are obliged to inform the European Commission of their national numbering systems used for designating approved exporters. The Commission in its turn will convey that information to all the other partner countries.

Furthermore, the customs are obliged to monitor the use of the authorisation and should the approved exporter be found to have abused or misused his authorisation the customs are entitled to withdraw it.

Another reason for withdrawing the authorisation is the inability of the exporter to offer the guarantees required in paragraph 1 of this Article.

QUESTION:

1. WHAT ARE THE OBLIGATIONS INCUMBENT ON AN APPROVED EXPORTER?

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An approved exporter must have satisfied the customs authorities of his suitability before being granted that status. However, in order to retain approved exporter status the trader must undertake to fulfil the following conditions and obligations:

- a) An approved exporter must undertake to issue invoice declarations or invoice declarations EUR-MED only for goods for which he has all the necessary proof of origin or accounting elements at the time of issue;
- b) He must assume full responsibility for the use the authorisation is put to, including any misuse;
- c) The approved exporter must ensure that the person responsible for completing the invoice declaration or the invoice declaration EUR-MED in the undertaking knows and understands the rules of origin;
- d) The exporter must agree to retain the documentary proofs of origin for a period of **at least 3 years** from the date when the relevant declaration was made;
- e) When asked to do so by the customs, an approved exporter must agree to produce a proof of origin at any time and to allow inspections by the customs authorities.

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2. HOW CAN AN EXPORTER OBTAIN "APPROVED EXPORTER" STATUS?

An exporter who wishes to obtain "approved exporter" status must submit a written application to the customs. The customs have the obligation under this Article to satisfy themselves that an exporter is suitable before granting "approved exporter" status. Amongst the criteria to determine suitability are the following:

- a) The exporter must be regularly exporting the types of goods for which the authorisation is being sought and must have a good record with regard to previous exports;
- b) The applicant exporter must be able to offer sufficient guarantees concerning the originating status of the goods and be able to meet any resulting obligations;

- c) In the light of his record of previous exportations, the applicant must be in a position to supply evidence of the origin of the goods being exported;
- d) In the case of an exporter who is also a producer, the authorities must be satisfied that the undertaking's stock accounts allow the identification of the origin of the goods;
- e) In the case of trader/exporters, the authorities will examine the usual trade flows to verify if they merit the granting of approved exporter status.

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Article 24

Validity of proof of origin

- 1. A proof of origin shall be valid for four months from the date of issue in the exporting country, and must be submitted within the said period to the customs authorities of the importing country.*
- 2. Proofs of origin which are submitted to the customs authorities of the importing country after the final date for presentation specified in paragraph 1 may be accepted for the purpose of applying preferential treatment, where the failure to submit these documents by the final date set is due to exceptional circumstances.*
- 3. In other cases of belated presentation, the customs authorities of the importing country may accept the proofs of origin where the products have been submitted before the said final date.*

COMMENTS:

Documentary proofs of origin have a life span of four months and can be either an EUR 1 or EUR-MED certificate or an invoice declaration or an invoice declaration EUR-MED. That life begins on the day they are issued or made out and they should be presented to the customs within that 4-month life span.

However, Article 24 allows the customs authorities of the importing country to accept a proof of origin after the expiry of its period of validity in certain circumstances.

They may accept an out of time proof of origin where the circumstances of its belated presentation are deemed exceptional (paragraph 2). Exceptional circumstances in this context means:

Circumstances which are outside the control of the importer or his representative, which occur rarely and which do not compromise the ability of the importing customs authorities to verify the origin of the goods.

An out of time proof of origin may also be accepted where the products have been submitted to the customs of the importing country before the expiry of the document (paragraph 3). "Submitted" in this context means that the importer has presented the goods to customs and has indicated that the goods are preference goods.

The period of validity rule is part of the control procedures that ensure that only goods satisfying the rules of origin receive preferential tariff treatment. It is important that if questions are to be raised about the true origin of the goods those enquiries are made early. The rule therefore imposes a discipline on importers to present the proof of origin within four months of the date on which it was issued to help meet this control need. Acceptance of an out of time proof of origin is at the discretion of the customs of the importing country. This discretion is not unlimited and will be exercised with due regard to this control requirement.

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Article 25

Submission of proof of origin

Proofs of origin shall be submitted to the customs authorities of the importing country in accordance with the procedures applicable in that country. The said authorities may require a translation of a proof of origin and may also require the import declaration to be accompanied by a statement from the importer to the effect that the products meet the conditions required for the implementation of the Agreement.

EXPLANATORY NOTE:

Article 16 (and 25) - Submission of proof of origin in case of electronic transmission of the import declaration

In cases where import declarations are transmitted electronically to the customs authorities of the importing State, it rests with these authorities to decide, within the framework and according to the provisions of the customs legislation applicable in the importing State, when and to what extent the documents constituting evidence of originating status shall actually be submitted.

COMMENTS:

This Article grants the customs authorities of the importing country the right to request translations of proofs of origin from the importer. The method of presenting the proofs of origin is determined by the procedures of the importing country. In the case of approved exporters who are not required to provide a signature, it is not necessary to present the original invoice containing the invoice declaration or the invoice declaration EUR-MED.

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Article 26

Importation by instalments

Where, at the request of the importer and on the conditions laid down by the customs authorities of the importing country, dismantled or non-assembled products within the meaning of General Rule 2(a) of the Harmonized System falling within Sections XVI and XVII or headings 7308 and 9406 of the Harmonized System are imported by instalments, a single proof of origin for such products shall be submitted to the customs authorities upon importation of the first instalment.

EXPLANATORY NOTE:

Article 26 - Importation by instalments

An importer wishing to take advantage of the provisions of this article must inform the exporter before the first instalment is exported that a single proof of origin for the complete product is required.

It is possible that each instalment is made up only of originating products. Where such instalments are accompanied by proofs of origin those separate proofs of origin shall be accepted by the customs authorities of the importing country for the instalments concerned, instead of a single proof of origin issued for the complete product.

COMMENTS:

Article 26 gives importers the right to request permission from the customs authorities to import certain large items in instalments. The separate consignments are then covered by a single proof of origin that must be presented with the importation of the first instalment. This simplifies procedures by eliminating the necessity of applying for a proof of origin for each instalment.

This provision mainly covers plant and equipment, which by its very nature would be difficult to ship in one single instalment. The customs authorities of the importing country have the right either to agree to the request, subject to whatever conditions they deem necessary to impose, or to reject it. If they agree the importer will be required to present only one proof of origin, on importation of the first instalment.

An importer who wishes to import a consignment in instalments must inform the exporter before the first instalment is exported that a single proof of origin for the complete product is required.

If each instalment is made up only of originating products separate proofs of origin will be accepted by the customs of the importing country.

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Article 27

Exemptions from proof of origin

- 1. Products sent as small packages from private persons to private persons or forming part of travellers' personal luggage shall be admitted as originating products without requiring the submission of a proof of origin, provided that such products are not imported by way of trade and have been declared as meeting the requirements of this Protocol and where there is no doubt as to the veracity of such a declaration. In the case of products sent by post, this declaration can be made on the customs declaration CN22/CN23 or on a sheet of paper annexed to that document.*
- 2. Imports which are occasional and consist solely of products for the personal use of the recipients or travellers or their families shall not be considered as imports by way of trade if it is evident from the nature and quantity of the products that no commercial purpose is in view.*
- 3. Furthermore, the total value of these products shall not exceed EUR 500 in the case of small packages or EUR 1,200 in the case of products forming part of travellers' personal luggage.*

COMMENTS:

Small consignments sent by post from one private individual to another are permitted to enter a country without a proof of origin. However this concession is limited strictly to small packages which do not exceed 500 euros in value. A similar concession is applied to travellers' personal luggage up to 1,200 euros in value. The provisions concerning small packages do not apply to products sent by mail order houses.

The purpose of this concession is to simplify proving the originating status of the relevant goods in the private sector. It can, however, only be applied if:

- 1) those products are not imported by way of trade;
- 2) they have been declared as fulfilling the requirements of the Protocol;
- 3) there is no doubt as to the veracity of the declaration.

All three conditions must be fulfilled.

The customs authorities of the importing country must be satisfied that such imports are for the personal use of the recipients or their families. The number and nature of such small imports will be assessed in order to determine whether or not they are of a commercial nature.

For further information concerning the euro please refer to the explanation given in relation to [Article 31](#).

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Article 28

Supporting documents

The documents referred to in Articles 17(3) and 22(5) used for the purpose of proving that products covered by a movement certificate EUR.1 or EUR-MED or an invoice declaration or invoice declaration EUR-MED can be considered as products originating in the Community, in Switzerland or in one of the other countries referred to in Articles 3 and 4 and fulfil the other requirements of this Protocol may consist inter alia of the following:

- (a) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained for example in his accounts or internal bookkeeping;*
- (b) documents proving the originating status of materials used, issued or made out in the Community or in Switzerland where these documents are used in accordance with domestic law;*
- (c) documents proving the working or processing of materials in the Community or in Switzerland, issued or made out in the Community or in Switzerland, where these documents are used in accordance with domestic law;*
- (d) movement certificates EUR.1 or EUR-MED or invoice declarations or invoice declarations EUR-MED proving the originating status of materials used, issued or made out in the Community or in Switzerland in accordance with this Protocol, or in one of the other countries referred to in Articles 3 and 4, in accordance with rules of origin which are identical to the rules in this Protocol.*
- (e) appropriate evidence concerning working or processing undergone outside the Community or Switzerland by application of Article 12, proving that the requirements of that Article have been satisfied.*

COMMENTS:

When making a request for an EUR 1 or EUR-MED movement certificate or making an invoice declaration or an invoice declaration EUR-MED the exporter must at all times be prepared to provide the customs with any supplementary information they request. The kind of supplementary documentation concerned should help the customs to confirm the preferential origin status of the goods to which the request for an EUR 1 or an EUR-MED refers. Examples are outlined in this Article. Therefore, exporters must remember that when requesting the issue of a proof of origin they must also be able to support their request with the correct evidence to prove the information contained in that request is correct.

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Article 29

Preservation of proof of origin and supporting documents

1. *The exporter applying for the issue of a movement certificate EUR.1 or EUR-MED shall keep for at least three years the documents referred to in Article 17(3).*
2. *The exporter making out an invoice declaration or invoice declaration EUR-MED shall keep for at least three years a copy of this invoice declaration as well as the documents referred to in Article 22(5).*
3. *The customs authorities of the exporting country issuing a movement certificate EUR.1 or EUR-MED shall keep for at least three years the application form referred to in Article 17(2).*
4. *The customs authorities of the importing country shall keep for at least three years the movement certificates EUR.1 and EUR-MED and the invoice declarations and invoice declarations EUR-MED submitted to them.*

COMMENTS:

For whatever reason it may sometimes be necessary to refer back to the documentation that accompanied a consignment on importation. Therefore, for a period of three years, both the exporter and the customs authorities are obliged to retain the documents relating to exports, *i.e.* the applications for EUR.1 or EUR-MED certificates and the certificates themselves, invoice declarations or invoice declarations EUR-MED, etc. Even though for trade purposes EUR.1 or EUR-MED certificates have a validity period of 4 months, they must nevertheless be retained for three years in case of subsequent verification requests.

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Article 30

Discrepancies and formal errors

- 1. The discovery of slight discrepancies between the statements made in the proof of origin and those made in the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not ipso facto render the proof of origin null and void if it is duly established that this document does correspond to the products submitted.*
- 2. Obvious formal errors such as typing errors on a proof of origin should not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.*

COMMENTS:

This Article covers situations where minor errors appear on proofs of origin or slight discrepancies appear between the statement made in the proof of origin and the documents submitted for importation purposes. **In this context “errors” excludes deliberately false information.**

Proofs of origin shall not automatically be rejected when they are discovered to contain errors provided the customs of the importing country are satisfied that those proofs of origin relate to, and correspond with, the goods they are presented with. However, **it is up to the customs of the importing country to decide** whether or not the errors are sufficiently serious to reject proofs of origin.

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Article 31
Amounts expressed in euro

1. *For the application of the provisions of Article 22(1)(b) and Article 27(3) in cases where products are invoiced in a currency other than euro, amounts in the national currencies of the Member States of the Community, of Switzerland and of the other countries referred to in Articles 3 and 4 equivalent to the amounts expressed in euro shall be fixed annually by each of the countries concerned.*
2. *A consignment shall benefit from the provisions of Article 22(1)(b) or Article 27(3) by reference to the currency in which the invoice is drawn up, according to the amount fixed by the country concerned.*
3. *The amounts to be used in any given national currency shall be the equivalent in that currency of the amounts expressed in euro as at the first working day of October. The amounts shall be communicated to the Commission of the European Communities by 15 October and shall apply from 1 January the following year. The Commission of the European Communities shall notify all countries concerned of the relevant amounts.*
4. *A country may round up or down the amount resulting from the conversion into its national currency of an amount expressed in euro. The rounded-off amount may not differ from the amount resulting from the conversion by more than 5 %. A country may retain unchanged its national currency equivalent of an amount expressed in euro if, at the time of the annual adjustment provided for in paragraph 3, the conversion of that amount, prior to any rounding-off, results in an increase of less than 15 % in the national currency equivalent. The national currency equivalent may be retained unchanged if the conversion would result in a decrease in that equivalent value.*
5. *The amounts expressed in euro shall be reviewed by the Joint Committee at the request of the Community or of Switzerland. When carrying out this review, the Joint Committee shall consider the desirability of preserving the effects of the limits concerned in real terms. For this purpose, it may decide to modify the amounts expressed in euro.*

COMMENTS:

Consignments of a certain low value may be covered by a simplified proof of origin. This value is expressed in euros. Article 31 provides a mechanism for converting this value into the currencies of Member States outside the so-called "euro zone" and the national currencies of the partner countries.

To provide stability in the application of this trade facilitation measure, the conversion takes place annually and provision is made for a national currency equivalent to be retained under certain circumstances.

An exporter judges whether he is entitled to use the simplified procedure for a given consignment by reference to the equivalent of the relevant euro amount in the national currency in which he draws up his invoice. It follows therefore that the country of importation must recognise that amount and not convert the value of the consignment into its own currency for the purpose of judging whether the consignment was entitled to use the simplified procedure.

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Title VI

Arrangements for administrative co-operation

For the cumulation system of origin rules put in place by the Protocols to work, a high degree of administrative co-operation between the customs authorities of the countries operating the system is essential. This section of the Protocol concerns the level of cooperation expected between customs authorities when called upon to verify proofs of origin.

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Article 32

Mutual assistance

- 1. The customs authorities of the Member States of the Community and of Switzerland shall provide each other, through the Commission of the European Communities, with specimen impressions of stamps used in their customs offices for the issue of movement certificates EUR.1 and EUR-MED, and with the addresses of the customs authorities responsible for verifying those certificates, invoice declarations and invoice declarations EUR-MED.*
- 2. In order to ensure the proper application of this Protocol, the Community and Switzerland shall assist each other, through the competent customs administrations, in checking the authenticity of the movement certificates EUR.1 and EUR-MED, the invoice declarations and the invoice declarations EUR-MED and the correctness of the information given in these documents.*

COMMENTS:

In order to ensure the proper management and smooth running of the pan-Euro-Mediterranean cumulation system of origin rules the customs administrations of the participant countries have agreed to assist and co-operate with each other. Article 32 sets out the obligations of customs administrations of the partner countries in this regard.

One of the obvious areas open to abuse is the issuing of proofs of origin. To reduce opportunities for issuing false documents the contracting parties have agreed to provide each other with impressions of the stamps their authorities use to authenticate proofs of origin.

The competent customs authorities of the contracting partners are also obliged to assist each other in checking the authenticity of EUR.1 or EUR-MED certificates and invoice declarations or invoice declarations EUR-MED and any information contained in those documents. Verifications are carried out when the customs of the importing country formally request the customs of the exporting country to verify the proofs of origin.

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Article 33

Verification of proofs of origin

1. *Subsequent verifications of proofs of origin shall be carried out at random or whenever the customs authorities of the importing country have reasonable doubts as to the authenticity of such documents, the originating status of the products concerned or the fulfilment of the other requirements of this Protocol.*
2. *For the purposes of implementing the provisions of paragraph 1, the customs authorities of the importing country shall return the movement certificate EUR.1 or EUR-MED and the invoice, if it has been submitted, the invoice declaration or the invoice declaration EUR-MED, or a copy of these documents, to the customs authorities of the exporting country giving, where appropriate, the reasons for the enquiry. Any documents and information obtained suggesting that the information given on the proof of origin is incorrect shall be forwarded in support of the request for verification.*
3. *The verification shall be carried out by the customs authorities of the exporting country. For this purpose, they shall 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.*
4. *If the customs authorities of the importing country decide to suspend the granting of preferential treatment to the products concerned while awaiting the results of the verification, release of the products shall be offered to the importer subject to any precautionary measures judged necessary.*
5. *The customs authorities requesting the verification shall be informed of the results of this verification as soon as possible. These results must indicate clearly whether the documents are authentic and whether the products concerned can be considered as products originating in the Community, in Switzerland or in one of the other countries referred to in Articles 3 and 4 and fulfil the other requirements of this Protocol.*
6. *If in cases of reasonable doubt there is no reply within ten months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the products, the requesting customs authorities shall, except in exceptional circumstances, refuse entitlement to the preferences.*

EXPLANATORY NOTES:

Article 33 - Refusal of preferential treatment without verification

This covers cases in which the proof of origin is considered inapplicable, *inter alia* for the following reasons:

- the goods to which the movement certificate EUR. 1 or EUR-MED refers are not eligible for preferential treatment;
- the goods description box (Box 8 on EUR.1 or EUR-MED) is not filled in or refers to goods other than those presented;

- the proof of origin has been issued by a country which does not belong to the preferential system even if the goods originate in a country belonging to the system (e.g. EUR.1 or EUR-MED issued in Ukraine for products originating in Syria) or the proof of origin has been issued by a country with which cumulation is not applicable (e.g. EUR.1 or EUR-MED issued in Syria for goods exported to Norway when the free trade agreement between these two countries does not exist);
- one of the mandatory boxes on the movement certificate EUR. 1 or EUR-MED bears traces of non-authenticated erasures or alterations (e.g. the boxes describing the goods or stating the number of packages, the country of destination or the country of origin).
- the time-limit on the movement certificate EUR. 1 or EUR-MED has expired for reasons other than those covered by the regulations (e.g. exceptional circumstances), except where the goods were presented before expiry of the time-limit;
- the proof of origin is produced subsequently for goods that were initially imported fraudulently;
- Box 4 on the movement certificate EUR. 1 or EUR-MED names a country not party to the agreement under which preferential treatment is being sought;
- Box 4 on the movement certificate EUR.1 or EUR-MED names a country with which cumulation is not applicable (e.g. EUR.1 or EUR-MED issued in the EC for products of Faroese origin imported to Morocco when the free trade agreement between Morocco and the Faeroe Islands does not exist).

Action to be taken:

The proof of origin should be marked 'INAPPLICABLE' and retained by the customs authorities to which it was presented in order to prevent any further attempt to use it.

Where it is appropriate to do so, the Customs authorities of the importing country shall inform the Customs authorities of the country of exportation about the refusal without delay.

Article 33 - Time-limits for the verification of proofs of origin

No country shall be obliged to answer a request for subsequent verification, as provided for in Article 33, received more than three years after the date of issue of a movement certificate EUR.1 or EUR-MED or the date of making out an invoice declaration or an invoice declaration EUR-MED.

Article 33 - Reasonable doubt

The following cases, by way of example, come into this category:

- the document has not been signed by the exporter (except for declarations on the basis of invoices or commercial documents drawn up by approved exporters where such a possibility is provided for);
- the movement certificate EUR.1 or EUR-MED has not been signed or dated by the issuing authority;
- the markings on the goods or packaging or the other accompanying documents refer to an origin other than that given on the movement certificate EUR.1 or EUR-MED;
- the particulars entered on the movement certificate EUR.1 or EUR-MED show that there has been insufficient working to confer origin;
- the stamp used to endorse the document does not match that which has been notified.

Action to be taken:

The document is sent to the issuing authorities for post-clearance verification, with a statement of the reasons for the request for verification. Pending the results of this verification, all appropriate steps judged necessary by the customs authorities shall be taken to secure payment of any applicable duties.

COMMENTS:

Following on from the obligation of the customs authorities in the contracting partner countries to assist each other in managing the origin rules, Article 33 sets out the expectations from customs authorities and how they should conduct verifications.

As explained in the comments to the previous Article, the customs authorities of the importing country may request verification of the authenticity of the proofs of origin and of the originating status of the products concerned from the customs authorities of the exporting country. The reasons for such verification requests could stem from doubts about the true origin of the goods or, in the case of goods covered by an EUR1 or EUR-MED, doubts about the stamp used to authenticate the document. Random verifications are also permitted under this Article.

Pending the results of a verification request, the customs of the importing country may decide to suspend granting preferential tariff treatment in respect of the goods under investigation and to any further consignments of similar goods from the same exporter. However, they will offer to release the goods subject to whatever precautionary measures they deem necessary such as demanding payment from the importer of a deposit equal to the full duty payable on the goods or an undertaking guaranteed by a bank to pay the duty.

If in cases of reasonable doubt a reply to the verification request has not been received within ten months, or does not contain sufficient information to verify that the certificate is authentic or the declared origin is correct, the customs will refuse preference.

The customs authorities may also refuse preferential origin without requesting verification of the proofs presented. Amongst the reasons for such action are the following examples:

- a) the goods to which the proof of origin relates are not eligible for preference;
- b) the description box has not been completed;
- c) the goods described in the proof of origin do not match those presented;
- d) the proof of origin has been presented after the expiry of its period of validity and there are no grounds justifying its acceptance exceptionally;
- e) the proof of origin has had words erased or has in some way been tampered with;
- f) a country not party to the agreement or a country with which cumulation is not applicable has been cited in box 4 of the EUR.1 or EUR-MED certificate.

The examples quoted above are merely illustrative of the reasons for refusing origin. It is not an exhaustive list.

QUESTION:

WHAT ARE "REASONABLE DOUBTS"?

It is impossible to provide a definitive list of what can be termed "reasonable doubts" as referred to in Article 33(1). However, the following examples may give some idea of what is meant by that term:

- a) the invoice declaration or invoice declaration EUR-MED may be missing the signature of the exporter;
- b) the EUR.1 or EUR-MED certificate may not have been signed or dated by the issuing customs authorities;
- c) the stamp used to endorse the document may not match the relevant stamp impression notified to the Commission and, via the Commission, to the other partner countries;
- d) the marking on the packing may not match the origin declared on the proof of origin presented.

The authorities of the importing country will send the document to the issuing authorities of the exporting country and attach a statement of the reasons for the verification request. Pending the results of the verification, the customs of the importing country will take all appropriate steps they deem necessary to secure payment of any appropriate duties.

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Article 34

Dispute settlement

Where disputes arise in relation to the verification procedures of Article 33 which cannot be settled between the customs authorities requesting a verification and the customs authorities responsible for carrying out this verification or where they raise a question as to the interpretation of this Protocol, they shall be submitted to the Joint Committee.

In all cases the settlement of disputes between the importer and the customs authorities of the importing country shall be under the legislation of the said country.

EXPLANATION:

Inevitably, in a complex system such as that operating between the Community and its partners, disputes over interpretation will arise. Where such disputes arise between the customs of the importing country and those of the exporting country they may be submitted to the Association Committee or Joint Committee, whichever is appropriate, for resolution. Disputes over verification procedures may also be submitted to the Association Committee or Joint Committee.

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Article 35

Penalties

Penalties shall be imposed on any person who draws up, or causes to be drawn up, a document which contains incorrect information for the purpose of obtaining a preferential treatment for products.

EXPLANATION:

Should an exporter or any other person (e.g. supplier) deliberately provide false documentation as evidence that his goods are entitled to preferential origin, and he is issued with an EUR.1 or EUR-MED movement certificate on the basis of that false information, that person leaves himself open to be legally prosecuted and liable to any penalty the courts decide to impose on him.

Once again, exporters are reminded to be absolutely certain of the veracity of the information they present to the customs in support of an application for a movement certificate.

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Article 36

Free zones

1. *The Community and Switzerland shall take all necessary steps to ensure that products traded under cover of a proof of origin which in the course of transport use a free zone situated in their territory, are not substituted by other goods and do not undergo handling other than normal operations designed to prevent their deterioration.*

2. *By means of an exemption to the provisions contained in paragraph 1, when products originating in the Community or in Switzerland are imported into a free zone under cover of a proof of origin and undergo treatment or processing, the authorities concerned shall issue a new movement certificate EUR.1 or EUR-MED at the exporter's request, if the treatment or processing undergone is in conformity with the provisions of this Protocol.*

COMMENTS:

Article 36 considers the areas known as "free zones". Free zones are areas where goods may be entered, processed and exported free from normal customs controls.

In the context of pan-Euro-Mediterranean cumulation it may be necessary, during transportation from exporter to importer, that goods which are accompanied by a proof of origin stop over in a free zone. If that is the case the authorities are obliged to ensure that the goods which leave the free zone are the same goods which entered it. Handling deemed necessary for the preservation of the goods in good condition is allowed.

A free zone remains part of the national territory. If goods are sent to a free zone for working or processing the exporter may request the customs authorities to issue a new EUR.1 or EUR-MED certificate. If the working or processing in question conforms to the provisions of Protocol on rules of origin and there is compliance with the no drawback rule, where appropriate, the customs authorities of the exporting country may issue a new EUR.1 or EUR-MED movement certificate.

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Title VII

Ceuta and Melilla

Title VII comprises two Articles that cover the special situation of the Spanish Autonomous Cities of Ceuta and Melilla.

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Article 37

Application of the Protocol

1. *The term 'Community' used in Article 2 does not cover Ceuta and Melilla.*
2. *Products originating in Switzerland, when imported into Ceuta or Melilla, shall enjoy in all respects the same customs regime as that which is applied to products originating in the customs territory of the Community under Protocol 2 of the Act of Accession of the Kingdom of Spain and the Portuguese Republic to the European Communities. Switzerland shall grant to imports of products covered by the Agreement and originating in Ceuta and Melilla the same customs regime as that which is granted to products imported from and originating in the Community.*
3. *For the purpose of the application of paragraph 2 concerning products originating in Ceuta and Melilla, this Protocol shall apply mutatis mutandis subject to the special conditions set out in Article 38.*

EXPLANATION:

The term "Community" in the context of the pan-Euro-Mediterranean cumulation system of origin does not include the Spanish Autonomous Cities of Ceuta and Melilla. In terms of the Protocols though, products originating in Ceuta and Melilla are regarded as originating in a single territory and are to be accorded the same treatment as goods originating in the Community when imported into a partner country. Similarly, goods originating in a partner country receive preferential treatment when imported into Ceuta and Melilla.

The provisions of this Protocol are to be applied *mutatis mutandis* for determining the originating status in trade between Ceuta and Melilla on the one hand and the corresponding partner country on the other hand, subject to the special provisions set out in Article 38.

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Article 38

Special conditions

1. *Providing they have been transported directly in accordance with the provisions of Article 13, the following shall be considered as:*

(1) *products originating in Ceuta and Melilla:*

(a) *products wholly obtained in Ceuta and Melilla;*

(b) *products obtained in Ceuta and Melilla in the manufacture of which products other than those referred to in (a) are used, provided that:*

(i) *the said products have undergone sufficient working or processing within the meaning of Article 6;*

or that

(ii) *those products are originating in Switzerland or in the Community, provided that they have been submitted to working or processing which goes beyond the operations referred to in Article 7.*

(2) *products originating in Switzerland:*

(a) *products wholly obtained in Switzerland;*

(b) *products obtained in Switzerland, in the manufacture of which products other than those referred to in (a) are used, provided that:*

(i) *the said products have undergone sufficient working or processing within the meaning of Article 6;*

or that

(ii) *those products are originating in Ceuta and Melilla or in the Community, provided that they have been submitted to working or processing which goes beyond the operations referred to in Article 7.*

2. *Ceuta and Melilla shall be considered as a single territory.*

3. *The exporter or his authorised representative shall enter 'Switzerland' and 'Ceuta and Melilla' in Box 2 of movement certificates EUR.1 or EUR-MED or on invoice declarations or on invoice declarations EUR-MED. In addition, in the case of products originating in Ceuta and Melilla, this shall be indicated in Box 4 of movement certificates EUR.1 or EUR-MED or on invoice declarations or on invoice declarations EUR-MED.*

4. *The Spanish customs authorities shall be responsible for the application of this Protocol in Ceuta and Melilla.*

COMMENTS:

This Article details the origin criteria that must be fulfilled if goods originating in Ceuta and Melilla are exported to another partner country and *vice-versa*. Such goods must comply also with the direct transport provisions set out in Article 13. Failure to do so automatically means the goods cannot obtain preferential treatment.

Goods that have been wholly obtained in Ceuta and Melilla are to be regarded as originating there. Goods that are not wholly obtained must be manufactured from

- a) non-originating products which have undergone sufficient working or processing as defined in Article 6 or
- b) products originating in the EC or the partner country of the relevant agreement provided that those products have been submitted, in Ceuta and Melilla, to working or processing beyond the minimal operations described in Article 7.

The same criteria apply *mutatis mutandis* to goods exported to Ceuta and Melilla from countries in the pan-Euro-Mediterranean cumulation zone.

Although geographically separated Ceuta and Melilla are regarded as a single territory for the purposes of the Protocol.

When completing EUR.1 or EUR-MED movement certificates, "Ceuta and Melilla" and the name of the relevant partner country must be entered in "box 2" and, in the case of goods originating in Ceuta and Melilla this must also be indicated in "box 4".

Although Ceuta and Melilla are autonomous cities the customs authorities of Spain are responsible for the application of the Protocol there.

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Title VIII

Final Provisions

Article 39

Amendments to the Protocol

The Joint Committee may decide to amend the provisions of this Protocol.

EXPLANATION:

This Article looks to the future. The preferential origin system in operation between all the countries referred to in Articles 3 and 4 is always progressing and developing.

The present pan-Euro-Mediterranean cumulation system of origin refers to the project launched by the Euromed Trade Ministers to extend the system of pan-European cumulation⁶ of origin to all Mediterranean partners (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and West Bank and Gaza Strip). The project is aimed at reinvigorating the trade chapter of the Barcelona process.

This system was also extended to the Faeroe Islands.

It is certain that the future will also bring further developments and perhaps other countries may join the system while some of the current partners will become Member States of the Community. Undoubtedly, there will also be amendments to improve the existing provisions and facilitate the better working of the current system. The Joint Committee or Association Council, whichever is appropriate will decide upon all such amendments.

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⁶ The pan-European cumulation system was created in 1997 on the basis of the EEA agreement (1994) between the EC, the EFTA countries, the CEEC countries and the Baltic States . It was then widened to Slovenia and to industrial products originating in Turkey (1999). As result, the pan-European cumulation system is operated between the Community, the Member States of the European Free Trade Area (Iceland, Liechtenstein, Norway and Switzerland), Bulgaria , Romania and Turkey .

Article 40

Transitional provision for goods in transit or storage

The provisions of this Agreement may be applied to goods which comply with the provisions of this Protocol and which on the date of entry into force of this Protocol are either in transit or are in the Community or in Switzerland in temporary storage in customs warehouses or in free zones, subject to the submission to the customs authorities of the importing country, within four months of the said date, of a movement certificate EUR.1 or EUR-MED issued retrospectively by the customs authorities of the exporting country together with the documents showing that the goods have been transported directly in accordance with the provisions of Article 13.

EXPLANATION:

This Article is the final article of the Protocol. On the day on which the Protocol becomes applicable, goods in transit or storage should be covered by transitional provisions allowing them to benefit from the system of pan-Euro-Mediterranean cumulation.

JOINT DECLARATION

concerning the Principality of Andorra

- 1. Products originating in the Principality of Andorra falling within Chapters 25 to 97 of the Harmonised System shall be accepted by Switzerland as originating in the Community within the meaning of this Agreement.*
- 2. Protocol 3 shall apply mutatis mutandis for the purpose of defining the originating status of the above-mentioned products.*

JOINT DECLARATION

concerning the Republic of San Marino

- 1. Products originating in the Republic of San Marino shall be accepted by Switzerland as originating in the Community within the meaning of this Agreement.*
- 2. Protocol 3 shall apply mutatis mutandis for the purpose of defining the originating status of the above-mentioned products.*

EXPLANATION:

Attached to in the Origin Protocol to every agreement you will find two joint declarations, one concerns Andorra and the other San Marino. Both states have Customs Unions with the European Community.

Goods of Chapters 25 to 97 of the HS originating in Andorra may benefit from preferential treatment on importation into the partner country of the relevant agreement under the same conditions as products of EC origin provided, however, that those goods have obtained their origin in accordance with the provisions of the Origin Protocol.

Goods originating in the Republic of San Marino may benefit from preferential treatment on importation into the country partner to the relevant agreement under the same conditions as products of EC origin provided, however, that they have obtained their origin in accordance with the provisions of the origin Protocol.

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APPENDIX 1

This appendix contains a list of the Official Journals of the European Union in which you may find the published Agreements between the Community and each partner country operating the cumulation system of origin concerned by this Handbook.

A brief explanation is warranted here in order to clarify the situation with regard to the published protocols.

The "pan-European" cumulation system was introduced during 1997. The system entered into force on different dates for some countries. Since it was introduced, a number of amendments to the protocols have also been introduced. One of the principal changes was the integration of Turkey into the system with effect from 1 January 1999.

There were also amendments which came into effect of the first day of 2000 and 2001.

In 2002 – 2004 the protocols with the various partner countries have been consolidated.

The Euro-Mediterranean Partnership was launched with a joint declaration of the Foreign Ministers from the European Union and Mediterranean Partners in Barcelona in November 1995 - hence also called the "Barcelona Process". Its overall objective is to provide a framework for strengthened dialogue and comprehensive co-operation in the Mediterranean.

The Partners have agreed upon a strategy aiming at creating an area of peace, stability and shared prosperity through the progressive establishment of free trade between the EU and its Mediterranean partners and amongst the partners themselves by 2010.

The first step towards the creation of this free trade area is the conclusion of a full set of Euro-Mediterranean association agreements between the EU and its partners in the Mediterranean, granting reciprocal trade preferences. These agreements replace the co-operation agreements concluded in the 1970s, which implied unilateral trade preferences. From 1998 to date, Euro-Mediterranean association agreements with Algeria, Tunisia, Morocco, Israel, Jordan, Lebanon, the Palestinian Authority, Syria and Egypt have entered into force.

A system of cumulation of origin between all Mediterranean countries, the Community, the EFTA countries (Iceland, Liechtenstein, Norway and Switzerland), Romania, Bulgaria, the Faeroe Islands, Andorra, San Marino and Turkey has been created (pan-Euro-Mediterranean cumulation). The "pan-Euro-Mediterranean" protocol on rules of origin was developed in a working group with all partner countries concerned. This protocol was endorsed by the Euro-Med Trade Ministerial meeting in Palermo on 7 July 2003.

Pan-Euro-Mediterranean cumulation can be applied between three countries of the zone as soon as Free Trade Agreements, (FTA) containing identical rules of origin between the countries concerned, are in place. The system can thus be applied between a limited group of countries, without the full network of FTAs having been completed (so-called 'variable geometry').

It's worth mentioning that, in order to inform customs authorities and economic operators on the countries between which cumulation is applicable, the partner countries must notify each

other through the European Commission about the conclusion of free trade agreements containing the pan-euro-med origin protocol.

Upon receipt of the notification of the entry into force of a new free trade agreement or of a pan-euro-Mediterranean Protocol on rules of origin between two or more partner countries, the Commission will publish a notice in the Official Journal of the European Union.

[\(RETURN TO CONTENTS\)](#) [\(RETURN TO QUESTION 15 and 16\)](#)

Origin Protocols between the European Community and the countries participating to the Euro-Mediterranean partnership

Origin Protocol between the EC and	PROTOCOLS Decisions and Dates of Application	Official Journals (L Series) where published
Algeria		
Bulgaria		
EEA	18.11.2005 / 1.12.2005	OJ L 321 of 1.12.2005
Egypt		
Faroe Islands	10.11.2005 / 1.12.2005	
Iceland	20.12.2005 / 1.1.2006	
Israel	22.12.2005 – 1.1.2006	OJ L 20 of 24.01.2006
Jordan		
Lebanon		
Morocco	18.11.2005 / 1.12.2005	OJ L 336 of 21.12.2005
Norway	16.12.2005 / 1.1.2006	
Romania		
Switzerland	15.12.2005 / 1.1.2006	
Syria		
Turkey		
Tunisia		
West Bank and Gaza Strip		

APPENDIX 2

English version of expressions to be used on proofs of origin and different linguistic versions in making out invoice declarations or invoice declarations EUR-MED

Appendix 2 sets out in one place for the convenience of users of this Handbook the English version of the terms and expressions that must be used in certain circumstances on proofs of origin and all the linguistic versions that must be used in making out invoice declarations or invoice declarations EUR-MED.

The five terms or expression set out in this appendix relate to the following situation.

- 1. Indication of countries with which cumulation has been applied or indication that cumulation has not been applied (See art.17 (6) and 22.(4))**
- 1. Retrospectively issued movement certificates EUR.1 or EUR-MED (See Article 18 (5))**
- 2. Duplicate movement certificates EUR.1 or EUR-MED (See Article 19 (2))**
- 3. When a movement certificate is rejected for technical reasons (See Explanatory Note to Article 18)**
- 4. Where a proof of origin is considered to be inapplicable (See Article 33, Explanatory Note: "Refusal of preferential treatment without verification")**
- 5. Making out an invoice declaration or an invoice declaration EUR-MED (See Article 22, Explanatory Note: "Practical application of the provisions concerning invoice declaration or invoice declaration EUR-MED")**

Each origin protocol will contain these terms and expressions in English (for the first five issues) and in all working languages of the Community and the language of the countries concerned by the protocol (for the fifth issue).

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- 1. Statements on cumulation (Art.17 (6) and 22 (4))**

'CUMULATION APPLIED WITH'

'NO CUMULATION APPLIED'

- 2. Retrospectively issued movement certificates EUR.1 or EUR-MED (Article 18(5))**

"ISSUED RETROSPECTIVELY"

- 3. Duplicate movement certificates EUR.1 or EUR-MED (Article 19(2))**

"DUPLICATE"

4. When a movement certificate is rejected for technical reasons (Explanatory Note to Article 18)

"DOCUMENT NOT ACCEPTED"

5. When a proof of origin is considered inapplicable (Article 33, Explanatory Note "Refusal of preferential treatment without verification")

"INAPPLICABLE"

6. Text of the invoice declaration and invoice declaration EUR-MED

Invoice declaration (Annex IVa)

Arabic version

يصرح مصدر المنتجات التي تشملها هذه الوثيقة (التصريح الجمركي رقم⁽¹⁾) بإستثناء ما ينص بوضوح على خلاف ذلك، بأن هذه المنتجات من منشأ تفضيلي من⁽²⁾.

Catalan version (AD)

L'exportador dels productes inclosos en el present document (Autorizació duanera N°...), declara que, llevat s'indiqui el contrari, aquestos productes gaudeixen d'un origen preferencial

Bulgarian version (BG)

Износителят на продукте, покрити от настоящия Документ (митническо разрешение номер ...), Декларира, освен ако не е ясно указано противното, че тези иродукти са от преференциален ироизход.

Czech version (CZ)

Vývozce výrobků uvedených v tomto dokumentu (číslo povolení ...) prohlašuje, že kromě zřetelně označených, mají tyto výrobky preferenční původ v

German version (DE)

Der Ausführer (Ermächtigter Ausführer; Bewilligungs-Nr. ...) ; der Waren, auf die sich dieses Handelspapier bezieht, erklärt, dass diese Waren, soweit nicht anders angegeben, präferenzbegünstigte ... Ursprungswaren sind.

Danish version (DK)

Eksportøren af varer, der er omfattet af nærværende dokument, (toldmyndighedernes tilladelse nr. ...), erklærer, at varerne, medmindre andet tydeligt er angivet, har præferenceoprindelse i

Estonian version (EE)

Käesoleva dokumendiga hõlmatud toodete eksportija (tolliameti kinnitus Nr. ...) deklareerib, et need tooted on ... sooduspäritoluga, välja arvatud juhul kui on selgelt näidatud teisiti.

Spanish version (ES)

El exportador de los productos incluidos en el presente documento (autorización aduanera n° ...) declara que, salvo indicación en sentido contrario, estos productos gozan de un origen preferencial

Faeroese version

Útflytarin av vørunum, sum hetta skjal fevnir um (tollvaldsins loyvi nr. . . . (¹)) vátta, at um ikki nakað annað er tilskilað, eru hesar vøur upprunavøur . . . (²).

Finnish version (FI)

Tässä asiakirjassa mainittujen tuotteiden viejä (tullin lupan:o ...) ilmoittaa, että nämä tuotteet ovat, ellei toisin ole selvästi merkitty, etuuskohteluun oikeutettuja ... alkuperätuotteita.

French version (FR)

L'exportateur des produits couverts par le présent document (autorisation douanière n°...), déclare que, sauf indication claire du contraire, ces produits ont l'origine préférentielle

English version (GB)

The exporter of the products covered by this document (customs authorization No ...) declares that, except where otherwise clearly indicated, these products are of ... preferential origin.

Greek version (GR)

Ο εξαγωγέας των προϊόντων που καλύπτονται από το παρόν έγγραφο (άδεια τελωνείου υπ' αριθ.) δηλώνει ότι, εκτός εάν δηλώνεται σαφώς άλλως, τα προϊόντα αυτά είναι προτιμησιακής καταγωγής

Hebrew version

היצואן של הטובין המכוסים במסמך זה (אישור מכס מס'.....¹) מצהיר כי מקורם של הטובין ה.....² הללו מועדף, מלבד אם צויין אחרת במפורש.

Hungarian version (HU)

A jelen okmányban szereplő áruk exportőre (vámfelhatalmazási szám:) kijelentem, hogy eltérő jelzés hiányában az áruk kedvezményes származásúak.

Icelandic version (IS)

Útflytjandi framleidsluvara sem skjal Tetta tekur til (leyfi tollyfirvalda nr. ...) lýsir því yfir að vörurnar séu, ef annars er ekki greinilega getid, af ...-fridindauppruna .

Italian version (IT)

L'esportatore delle merci contemplate nel presente documento (autorizzazione doganale n. ...) dichiara che, salvo indicazione contraria, le merci sono di origine preferenziale

Lithuanian version (LT)

Šiame dokumente išvardintų prekių eksportuotojas (muitinės liudijimo Nr ...) deklaruoja, kad, jeigu kitaip nenurodyta, tai yra ... preferencinės kilmės prekės.

Latvian version (LV)

Eksportētājs produktiem, kuri ietverti šajā dokumentā (muitas pilnvara Nr. ... deklarē, ka, izņemot tur, kur ir citādi skaidri noteikts, šiem produktiem ir priekšrocību izcelsme no

Maltese version

L-esportatur tal-prodotti koperti b'dan id-dokument (awtorizzazzjoni tad-dwana nru. ...) jiddikjara li, ħlief fejn indikat b'mod ċar li mhux hekk, dawn il-prodotti huma ta' oriġini preferenzjali

Dutch version (NL)

De exporteur van de goederen waarop dit document van toepassing is (douanevergunning nr. ...) verklaart dat, behoudens uitdrukkelijke andersluidende vermelding, deze goederen van preferentiële ... oorsprong zijn.

Norwegian version (NO)

Eksportøren av produktene omfattet av dette dokument (tollmyndighetenes autorisasjonsnr. ...) erklærer at disse produktene, unntatt hvor annet er tydelig angitt, har preferanseopprinnelse .

Polish version (PL)

Eksporter produktów objętych tym dokumentem (upoważnienie władz celnych nr ...) deklaruje, że z wyjątkiem gdzie jest to wyraźnie określone, produkty te mają ... preferencyjne pochodzenie.

Portuguese version (PT)

O abaixo assinado, exportador dos produtos cobertos pelo presente documento (autorização aduaneira n° ...), declara que, salvo expressamente indicado em contrário, estes produtos são de origem preferencial

Romanian version (RO)

Exportatorul produselor ce fac obiectul acestui document (autorizația vamală nr. ...) declară că, exceptând cazul în care în mod expres este indicat altfel, aceste produse sunt de origine preferențială

Swedish version (SE)

Exportören av de varor som omfattas av detta dokument (tullmyndighetens tillstånd nr. ...) försäkrar att dessa varor, om inte annat tydligt markerats, har förmånsberättigande ... ursprung.

Slovenian version (SI)

Izvoznik blaga, zajetega s tem dokumentom (pooblastilo carinskih organov št)izjavlja, da, razen če ni drugače jasno navedeno, ima to blago preferencialno poreklo.

Slovak version (SK)

Vývozca výrobkov uvedených v tomto dokumente (číslo povolenia ...) vyhlasuje, že okrem zretel'ne označených, majú tieto výrobky preferenčný pôvod v ...

Turkish version (TR)

Isbu belge (gümrük onay No:.....) kapsamındaki maddelerin ihracatçisi aksi açıkça belirtilmedikçe, bu maddelerin menseli ve tercihli maddeler oldugunu beyan eder.

Invoice declaration EUR-MED (Annex IVb)

Arabic version

يصرح مصدر المنتجات التي تشملها هذه الوثيقة (التصريح الجمركي رقم⁽¹⁾) بإستثناء ما ينص بوضوح على خلاف ذلك، بأن هذه المنتجات من منشأ تفضيلي من⁽²⁾.

- cumulation applied with(name of the country/countries)
- no cumulation applied

Catalan version (AD)

L'exportador dels productes inclosos en el present document (Autorizació duanera N° ...), declara que, llevat s'indiqui el contrari, aquestos productes gaudeixen d'un origen preferencial

- cumulation applied with(name of the country / countries)
- no cumulation applied

Bulgarian version (BG)

Износителят на продукте, покрити от настоящия Документ (митническо разрешение номер ...), Декларира, освен ако не е ясно указано противното, че тези продукти са от преференциален произход.

- cumulation applied with(name of the country / countries)
- no cumulation applied

Czech version (CZ)

Vývozce výrobků uvedených v tomto dokumentu (číslo povolení ...) prohlašuje, že kromě zřetelně označených, mají tyto výrobky preferenční původ v

- cumulation applied with(name of the country / countries)
- no cumulation applied

German version (DE)

Der Ausführer (Ermächtigter Ausführer; Bewilligungs-Nr. ...) ; der Waren, auf die sich dieses Handelspapier bezieht, erklärt, dass diese Waren, soweit nicht anders angegeben, präferenzbegünstigte ... Ursprungswaren sind.

- cumulation applied with(name of the country / countries)
- no cumulation applied

Danish version (DK)

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- cumulation applied with(name of the country / countries)
- no cumulation applied

Estonian version (EE)

Käesoleva dokumendiga hõlmatud toodete eksportija (tolliameti kinnitus Nr. ...) deklareerib, et need tooted on ... sooduspäritoluga, välja arvatud juhul kui on selgelt näidatud teisiti.

- cumulation applied with(name of the country / countries)
- no cumulation applied

Spanish version (ES)

El exportador de los productos incluidos en el presente documento (autorización aduanera n° ...) declara que, salvo indicación en sentido contrario, estos productos gozan de un origen preferencial

- cumulation applied with(name of the country / countries)
- no cumulation applied

Faeroese version

Útflytarin av vørunum, sum hetta skjal fevnir um (tollvaldsins loyvi nr. . . .) vátta, at um ikki nakað annað er tilskilað, eru hesar vørur upprunavørur

- cumulation applied with(name of the country/countries)
- no cumulation applied

Finnish version (FI)

Tässä asiakirjassa mainittujen tuotteiden viejä (tullin lupan:o ...) ilmoittaa, että nämä tuotteet ovat, ellei toisin ole selvästi merkitty, etuuskohteluun oikeutettuja ... alkuperä tuotteita.

- cumulation applied with(name of the country / countries)
- no cumulation applied

French version (FR)

L'exportateur des produits couverts par le présent document (autorisation douanière n°...), déclare que, sauf indication claire du contraire, ces produits ont l'origine préférentielle

- cumulation applied with(name of the country / countries)
- no cumulation applied

English version (GB)

The exporter of the products covered by this document (customs authorization No ...) declares that, except where otherwise clearly indicated, these products are of ... preferential origin.

- cumulation applied with(name of the country / countries)
- no cumulation applied

Greek version (GR)

Ο εξαγωγέας των προϊόντων που καλύπτονται από το παρόν έγγραφο (άδεια τελωνείου υπ' αριθ.) δηλώνει ότι, εκτός εάν δηλώνεται σαφώς άλλως, τα προϊόντα αυτά είναι προτιμησιακής καταγωγής

- cumulation applied with(name of the country / countries)
- no cumulation applied

Hebrew version

היצואן של הטובין המכוסים במסמך זה (אישור מכס מס'.....) מצהיר כי מקורם של הטובין ה..... הללו מועדף, מלבד אם צויין אחרת במפורש.

- cumulation applied with(name of the country/countries)
- no cumulation applied

Hungarian version (HU)

A jelen okmányban szereplő áruk exportőre (vámfelhatalmazási szám:) kijelentem, hogy eltérő jelzés hiányában az áruk kedvezményes származásúak.

- cumulation applied with(name of the country / countries)
- no cumulation applied

Icelandic version (IS)

Útflytjandi framleidsluvara sem skjal Tetta tekur til (leyfi tollyfirvalda nr. ...) lýsir Því yfir að vörurnar séu, ef annars er ekki greinilega getid, af-fríðindauppruna .

- cumulation applied with(name of the country / countries)
- no cumulation applied

Italian version (IT)

L'esportatore delle merci contemplate nel presente documento (autorizzazione doganale n. ...) dichiara che, salvo indicazione contraria, le merci sono di origine preferenziale

- cumulation applied with(name of the country / countries)
- no cumulation applied

Lithuanian version (LT)

Šiame dokumente išvardintų prekių eksportuotojas (muitinės liudijimo Nr ...) deklaruoja, kad, jeigu kitaip nenurodyta, tai yra ... preferencinės kilmės prekės.

- cumulation applied with(name of the country / countries)
- no cumulation applied

Latvian version (LV)

Eksportētājs produktiem, kuri ietverti šajā dokumentā (muitas pilnvara Nr. ... deklarē, ka, izņemot tur, kur ir citādi skaidri noteikts, šiem produktiem ir priekšrocību izcelsme no

- cumulation applied with(name of the country / countries)
- no cumulation applied

Maltese version

L-esportatur tal-prodotti koperti b'dan id-dokument (awtorizzazzjoni tad-dwana nru. ...) jiddikjara li, hlief fejn indikat b'mod ċar li mhux hekk, dawn il-prodotti huma ta' oriġini preferenzjali

- cumulation applied with(name of the country / countries)
- no cumulation applied

Dutch version (NL)

De exporteur van de goederen waarop dit document van toepassing is (douanevergunning nr. ...) verklaart dat, behoudens uitdrukkelijke andersluidende vermelding, deze goederen van preferentiële ... oorsprong zijn.

- cumulation applied with(name of the country / countries)
- no cumulation applied

Norwegian version (NO)

Eksportøren av produktene omfattet av dette dokument (tollmyndighetenes autorisasjonsnr. ...) erklærer at disse produktene, unntatt hvor annet er tydelig angitt, har preferanseopprinnelse .

- cumulation applied with(name of the country / countries)
- no cumulation applied

Polish version (PL)

Eksporter produktów objętych tym dokumentem (upoważnienie władz celnych nr ...) deklaruje, że z wyjątkiem gdzie jest to wyraźnie określone, produkty te mają ... preferencyjne pochodzenie.

- cumulation applied with(name of the country / countries)
- no cumulation applied

Portuguese version (PT)

O abaixo assinado, exportador dos produtos cobertos pelo presente documento (autorização aduaneira n° ...), declara que, salvo expressamente indicado em contrário, estes produtos são de origem preferencial

- cumulation applied with(name of the country / countries)
- no cumulation applied

Romanian version (RO)

Exportatorul produselor ce fac obiectul acestui document (autorizația vamală nr. ...) declară că, exceptând cazul în care în mod expres este indicat altfel, aceste produse sunt de origine preferențială

- cumulation applied with(name of the country / countries)
- no cumulation applied

Swedish version (SE)

Exportören av de varor som omfattas av detta dokument (tullmyndighetens tillstånd nr. ...) försäkrar att dessa varor, om inte annat tydligt markerats, har förmånsberättigande ... ursprung.

- cumulation applied with(name of the country / countries)
- no cumulation applied

Slovenian version (SI)

Izvoznik blaga, zajetega s tem dokumentom (pooblastilo carinskih organov št)izjavlja, da, razen če ni drugače jasno navedeno, ima to blago preferencialno poreklo.

- cumulation applied with(name of the country / countries)
- no cumulation applied

Slovak version (SK)

Vývozca výrobkov uvedených v tomto dokumente (číslo povolenia ...) vyhlasuje, že okrem zreteľne označených, majú tieto výrobky preferenčný pôvod v ...

- cumulation applied with(name of the country / countries)
- no cumulation applied

Turkish version (TR)

Isbu belge (gümrük onay No:.....) kapsamındaki maddelerin ihracatçisi aksi açıkça belirtilmedikçe, bu maddelerin menseli ve tercihli maddeler olduğunu beyan eder.

- cumulation applied with(name of the country / countries)
- no cumulation applied