

WORLD TRADE ORGANIZATION

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(99-2598)

Committee on Rules of Origin

REPORT OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN TO THE COMMITTEE ON RULES OF ORIGIN ON PROGRESS MADE AT ITS SEVENTEENTH SESSION

Note by the Secretariat

Addendum

As indicated in document G/RO/37 (see para. 1 of the Progress Report of the Chairman of the Technical Committee on Rules of Origin (TCRO)), the Report of the Seventeenth Session of the TCRO (WCO doc. OC0030/2) is herewith circulated to Members.

WCO document OC0030/2

**REPORT OF THE 17TH SESSION OF
THE TECHNICAL COMMITTEE ON RULES OF ORIGIN**

(from Monday 17 to Friday 28 May 1999)

1. The Technical Committee on Rules of Origin held its 17th Session from 17 to 28 May 1999 at the Headquarters of the World Customs Organization in Brussels, under the chairmanship of Mr. W.A. CLAYPOLE (Canada).

2. The following Members and Observers were represented :

Algeria	Hong Kong, China	Philippines
Argentina	Hungary	Poland
Australia	India	Portugal
Azerbaijan	Indonesia	Russian Federation
Bangladesh	Israel	Saudi Arabia
Belgium	Italy	Senegal
Brazil	Japan	Slovakia
Bulgaria	Jordan	Slovenia
Canada	Korea (Rep. of)	South Africa
Chile	Libyan Arab Jamahiriya	Spain
China	Liechtenstein	Sudan
Colombia	Luxembourg	Sweden
Czech Republic	Madagascar	Switzerland
Denmark	Malaysia	Thailand
Egypt	Mauritania	Tunisia
Estonia	Morocco	Turkey
European Communities (EC)	Netherlands	Ukraine
Fiji	New Zealand	United Kingdom
Finland	Norway	United States
France	Panama	Uruguay
Germany	Pakistan	Yemen
Ghana	Paraguay	

3. The following also attended the meeting with observer status:

- Secretariat of the World Trade Organization (WTO)
- United Nations Conference on Trade and Development (UNCTAD)

4. The list of participants is at Annex A to this Report.

5. The Chairman welcomed all delegates, and asked them to be prepared for a very full Agenda which, in accordance with the plan drawn up by the Committee and endorsed by the General Council of the WTO, had to be finalized by the end of this session.

6. He invited delegates to fill out the attendance forms and, in particular, to indicate their e-mail address and any other information that could facilitate communication with the other Members and with the Secretariat.

I. ADOPTION OF THE AGENDA AND OF THE TIMETABLE

(a) Adoption of the Agenda

Doc. OC0017

7. Mr. M. F. Zielinski, Head of the Origin Project, informed the Technical Committee that, since the previous session, the Secretariat had received the following contributions:

Doc.	Member	Subject
OC0022	United States	Residual Chapter rules for Chapters 50 through 63 and for the following headings and subheadings : 3005.90, 42.02, 42.03, 43.03, 64.06, 65.01 through 65.05, 66.01, 87.08, 88.04, 91.13, 94.04, 9502.91 and 9612.10.
OC0024	Japan	Substantial transformations not covered by a change of tariff classification.
OC0027	Brazil	Chapters 84-90

8. He also informed the Technical Committee that, during the intersession, the Secretariat had updated the Technical Committee's Consolidated Text. The corresponding amending supplement would be distributed to Members during the meeting.

9. In addition, and according to the Technical Committee's wishes, the Secretariat had prepared draft templates on all the issues to be examined.

10. The Technical Committee took note and adopted the Agenda reproduced at Annex B, which also constitutes the Table of Contents of this Report.

(b) Adoption of the timetable

11. The Technical Committee decided to devote the first week of the session to an examination of the outstanding issues in Chapters 50 to 63 and 82 to 90. The second week would, as agreed, be devoted to an examination of the outstanding issues in Chapters 1 to 24 and 91 to 97. Given the importance of the issues relating to the overall architecture of the Rules, the Technical Committee decided to examine those issues throughout the session. Issues left pending during the first week would be re-examined during the second week.

12. The Chairman drew the Technical Committee's attention to Doc. OC0021 on the permanent responsibilities of the Technical Committee. Given the plan for completing the Harmonization Work Programme, it was vital that a clear decision be taken on these aspects at this session. This document was to be examined under the Agenda item "Other business".

13. To enable delegations to consult with one another and possibly with their home administrations, the Technical Committee decided to be flexible regarding the timetable. In addition, to facilitate decision-making within the Technical Committee, Working Groups would meet from 9 to 10 a.m., 2 to 3 p.m. or 6 to 7 p.m.

14. As indicated above, the timetable for this session was adopted by the Technical Committee.

II. REPORT BY THE SECRETARIAT

(a) Position regarding Members of the WTO

Doc. OC0003

15. Mr. Zielinski informed the Technical Committee that there had been no change in the position regarding Members since the previous session. The position described in Doc. OC0003, prepared for the Technical Committee's 16th Session, was still valid.

16. The Technical Committee took note.

(b) Intersessional developments

Doc. OC0020

17. Mr. Zielinski informed the Technical Committee that, since the previous session, the Committee on Rules of Origin had held two meetings, one informal and the other formal. The WCO Secretariat had attended the formal meeting as an observer. At that meeting, the Chairman of the Technical Committee had presented his Progress Report, attached as an Annex to Doc. OC0020, on results achieved at the Technical Committee's 16th Session. The Chairman of the Technical Committee had received a letter from the Chairman of the Committee on Rules of Origin, also annexed to Doc. OC0020, inviting him to inform the members of the Technical Committee that, in accordance with the timetable laid down by the Committee and endorsed by the General Council of the WTO in July 1998, the final results of the Technical Committee's work within the Harmonization Work Programme were to be sent to the Committee by the end of May 1999.

18. The Chairman informed the Technical Committee that, during the Committee meeting, the Delegation of the European Community had circulated an informal document containing the framework for Rule 2 of Appendix 2 of the overall architecture. That informal document could form the basis for examining that Agenda item. The Chairman invited that Delegation to present its document during the examination of the corresponding Agenda item.

19. Mr. Zielinski then reported on the work of the 23rd Session of the Harmonized System Committee and the 169th Session of the Permanent Technical Committee.

20. He informed the Technical Committee that the Secretariat had received 35 requests for technical assistance.

21. He also announced the departure of two Technical Attachés from the Secretariat : Ms. Anna KELE (Hungary) and Mr. E.M. LEIGH (United States). He expressed his gratitude to the two Attachés for the excellent quality of their work at the Secretariat. Those thanks, echoed by the Chairman and the Technical Committee, were also addressed to the United States and Hungarian Customs Administrations for the support they had given the Origin Project since the outset. The Chairman and the Technical Committee wished both Attachés all the best on their return to their home administrations and every success for their future career.

III. ADOPTION OF THE REPORT OF THE 16TH SESSION

Doc. 0010E/2 (Second draft)

22. The Technical Committee took note of the comments from several delegations, decided to make the corresponding amendments and adopted the Report of the 16th Session. The final version of that Report would be circulated as Doc.OC0010E/3.

23. The Technical Committee instructed the Secretariat to make the necessary adjustments in order to insert, in the final Report of the 16th Session, the proposals by the United States Delegation on residual rules applicable to Chapters 42 and 43, and to align Note 1 of these two Chapters to take account of the new template.

IV. DRAFT HARMONIZED RULES OF ORIGIN FOR PARTICULAR PRODUCTS OR PRODUCT SECTORS (CHAPTER NOTES, TABLES, PREPARATION OF RESIDUAL RULES)

24. The Technical Committee re-examined the Rules proposed for Chapters 1-24, 50-63, 82-83, 84-90 and 91-97 on the basis of the Secretariat's draft templates, the Consolidated Text and the reference documents indicated in the following table. The results of this examination are set out at the Annexes hereto as follows.

AGENDA ITEM	CHAPTERS	REFERENCE DOCUMENT	ANNEXES
IV. 1/	1-24		C/1 and C/2
IV. 2/	50-63		D/1 and D/2
IV. 3/	82-83		E/1
IV. 4/	84-90		F/1 and F/2
IV. 5/	91-97		G/1 and G/2

25. With regard to the issues on which consensus had not been reached, the Technical Committee decided that the templates indicated in the following table should be submitted to the Committee for decision:

Template No.	Subject	Observations
OC0028/2	Mixtures in Chapters 1 to 24	
42.574/Cor	Chapter 15	
OC0023/2	Textile Chapters and textile products classified in other Chapters	This template covers Chapters 30, 42, 43, 58, 59, 61 to 66, 87, 88, 91 and 94 to 96.
OC0025/2	Chapter 82	
OC0026/2	Chapter 83	
OC0031/1	Chapters 84 to 90	
OC0033/1	Chapter 95	
OC0034/1	Chapter Notes and residual rules	
OC0035/1	Chapters 93 to 97	

26. In view of the schedule for finalizing the work, the Technical Committee also examined the issues outstanding since the 16th Session. That examination resulted in the following templates:

Template No.	Subject	Observations
OC0032/1	Chapters 28 to 38	This template covers Chapters 30 to 38
OC0014/1	Chapters 28/35 and 39/40	
OC0016/1	Chapter 35	This template covers heading 35.07
OC0012/2	Chapter 70	
OC009/2	Chapter 71	

27. Issue No. 5 in template Doc. OC0031/1 relating to Chapters 84 to 90 also applies to Chapters 42, 43 to 46, 48 and 49, subject to removing the options not proposed for these latter Chapters.

V. OVERALL ARCHITECTURE OF THE HARMONIZED RULES OF ORIGIN

Doc. 0010 and the European Community's informal document

28. When presenting the informal document that it had circulated in Geneva, the Delegation of the European Community explained that this document was aimed specifically at reconciling the points of view of the Technical Committee members on how to apply the Rules, and that it would be a good starting point for reaching consensus on this matter. The Technical Committee took note and asked the Secretariat to prepare a document giving details of the European Community's informal document and including the other provisions of the overall architecture.

29. On the basis of a that new document prepared by the Secretariat, the Technical Committee examined this Agenda item. The results of the examination can be found at Annexes H/1 and H/2 to this Report.

VI. ADOPTION OF THE ARCHITECTURE OF THE HARMONIZED RULES OF ORIGIN TO BE REFERRED TO THE COMMITTEE ON RULES OF ORIGIN FOR APPROVAL

30. The Technical Committee adopted the text on the overall architecture of the Harmonized Rules of Origin. The unresolved issues are in square brackets in a template (Doc. OC0029) submitted to the CRO for decision.

VII. OTHER BUSINESS

(a) Report by the Chairman of the Technical Committee on Rules of Origin to the Committee on Rules of Origin

31. The Chairman informed the Technical Committee that when he attended the next session of the Committee on Rules of Origin, scheduled for 28 June 1999, he would be reporting on the progress made with the Technical Committee's work at the end of its 17th Session. He would also stress that the Technical Committee remained willing to continue working alongside the Committee to finalize the Harmonization Work Programme under the best possible conditions and as quickly as possible.

(b) Future work

Doc. OC0021

32. Mr. Zielinski informed the Technical Committee that the purpose of Doc. OC0021 was to enable the Technical Committee to establish a strategic plan for the short, medium and possibly long term. In fact, Article 6 of the Agreement on Rules of Origin (the Agreement) and Annex I thereto clearly specified the nature of the tasks to be carried out by the Technical Committee both during the transition period and after the finalization of the Work Programme.

33. Several delegations expressed their appreciation to the Secretariat for inviting the Technical Committee to discuss such an important matter at the present stage. Although some of those tasks had to be carried out in conjunction with or after clear instructions from the Committee, the Agreement nevertheless assigned the Technical Committee responsibilities which required it to establish a flexible work plan taking account, inter alia, of any requests from the Committee linked to the finalization of the Harmonization Work Programme.

34. One delegation felt that the Technical Committee needed to draw up a plan for its future work. For example, it could devote part of its 18th Session in September 1999 to an examination of some of the templates submitted to the Committee, with a view to determining the extent to which those templates had been affected by the subsequent work, particularly the progress with issues relating to the overall architecture. Such an initiative would greatly help the Committee when examining the large number of issues before it.

35. That delegation added that the technical work accomplished could clearly be improved in the light of the progress made by the Technical Committee, particularly regarding the architecture. There were clearly also many outstanding technical issues, and an additional examination by the Technical Committee would undoubtedly make it possible to resolve some of those issues, thus lightening the Committee's workload.

36. Several delegations felt that a one-week Technical Committee meeting in September was vital to examine some of the aspects set out in the Secretariat's document. Other delegations wished to have time to consult the competent authorities in their country before any decision was taken on this matter. However, with regard to the Harmonization Work Programme itself, it seemed clear that, after its 17th Session, the Technical Committee had to wait for any further requests from the Committee.

37. Several delegations felt that, in the light of the mandate from the WTO General Council and from the Committee in July 1998 stipulating that the results of the Technical Committee's work had to be sent to the Committee by the end of May 1999, it would be premature at this point to plan the Technical Committee's future activities in the context of the Harmonization Programme without having received a mandate from the Committee.

38. One delegation pointed out that the previous year, when the Committee had extended the Harmonization Work Programme, it had considered that the extra time allotted was sufficient to finalize the Programme. Once the Committee noted that this objective had not been achieved, it would doubtless decide to refer a number of issues back to the Technical Committee for re-examination. It was therefore suggested that a flexible stance be adopted and the September session be maintained.

39. The Chairman said that the channels of co-operation between the two Committees that had existed since the beginning of the Harmonization Work Programme had always made for understanding and close co-operation between the two bodies. The time had perhaps now come for that co-operation to be strengthened further. The indisputable objective of the two Committees was to

provide the international trading community with an optimum, clear, precise and easily manageable instrument. To achieve that objective, he felt that the excellent co-operation between the two Committees could only be intensified.

40. In fact, the distinction between the two Committees was only a virtual one since the same Members participated in both Committees; consultation within each delegation would be enough to clarify matters further.

41. In conclusion, the Chairman summarized the Technical Committee's discussions as follows :

- The Technical Committee was a permanent structure within the WCO.
- Document OC0021 on the Technical Committee's permanent responsibilities would be appended to the Report on this session to ensure that the Committee was informed (see Annex II).
- The Technical Committee noted with satisfaction that the draft calendar of WCO meetings for 1999/2000 provided, inter alia, for an 18th Session of the Technical Committee from 30 August to 10 September 1999. Thanking the WCO for the priority it continued to give to the work on origin, the Technical Committee indicated that, given the present situation, advice was needed regarding the length of the meeting and the topics to be dealt with.
- His report to the Committee summarizing the work at this session would mention all possible scenarios for co-operation and would make clear, in particular, that the Technical Committee remained fully at the Committee's service to provide any assistance that might help relieve the Committee of technical tasks that were being examined.

(c) Proposed Chapter Note for Chapter 73

42. The Japanese Delegation proposed the following additional text for a Chapter Note to Chapter 73:

"For heading 73.18 mere attachment without grinding to shape, heat treatment and surface treatment operation is not considered to be a substantial transformation".

VIII. DATE AND PLACE OF THE NEXT SESSION

43. The Technical Committee's next session was tentatively scheduled to be held at WCO Headquarters in Brussels from 30 August to 10 September 1999.

IX. ADOPTION OF THE REPORT OF THE TECHNICAL COMMITTEE'S 17TH SESSION

44. The Technical Committee adopted the Report on its 17th Session.

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LISTE DES PARTICIPANTS
LISTA DE PARTICIPANTES

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ANNEX B

AGENDA

FOR THE SEVENTEENTH SESSION OF

THE TECHNICAL COMMITTEE ON RULES OF ORIGIN

Secretariat Note: This Annex reproduces the adopted Agenda of the Seventeenth Session and provides an index to the paragraphs and Annexes of the Report of the Session.

Agenda Item		Paragraphs in Report and Annexes
I.	ADOPTION OF THE AGENDA	
(a)	Draft Agenda	Paras. 7 - 10
(b)	Draft Timetable	Paras. 11 - 14
II.	REPORT BY THE SECRETARIAT	
(a)	Position regarding Members of WTO	Paras. 15 and 16
(b)	Intersessional developments	Paras. 17 - 21
III.	ADOPTION OF THE REPORT OF THE 16TH SESSION	Paras. 22 and 23
IV.	DRAFT HARMONIZED RULES OF ORIGIN FOR PARTICULAR PRODUCTS OR PRODUCT SECTORS (CHAPTER NOTES, TABLES, PREPARATION OF RESIDUAL RULES)	Paras. 24 - 27
1.	Re-examination of Rules of Origin concerning Chapters 1 - 24	Annexes C/1, C/2
2.	Re-examination of Rules of Origin concerning Chapters 50 - 63	Annexes D/1, D/2
3.	Re-examination of Rules of Origin concerning Chapters 82 - 83	Annex E/1
4.	Re-examination of Rules of Origin concerning Chapters 84 - 90	Annexes F/1, F/2
5.	Re-examination of Rules of Origin concerning Chapters 91 - 97	Annexes G/1, G/2

V.	OVERALL ARCHITECTURE OF THE HARMONIZED RULES OF ORIGIN; COMMON TERMINOLOGY	Paras. 28 and 29
	Overall architecture of the Harmonized Rules of Origin; common terminology	Annexes H/1, H/2
	Order of application	
	Residual rules	
	Illustrative Arrangement of Chapter Notes	
	Other	
VI.	ADOPTION OF THE ARCHITECTURE OF THE HARMONIZED RULES OF ORIGIN TO BE REFERRED TO THE CRO FOR APPROVAL (Results of 17th Session discussion)	Para. 30
VII.	OTHER BUSINESS	
(a)	Report by the Chairman of the Technical Committee on Rules of Origin to the Committee on Rules of Origin	Para. 31
(b)	Future work	Paras. 32 - 42
VIII.	DATE AND PLACE OF THE NEXT SESSION	Para. 44

ANNEX C/1

AGENDA ITEM IV.1	Draft harmonized rules of origin for particular products classified in Chapters 1 to 24 (Chapter Notes, tables, preparation of residual rules)
Working Documents	Consolidated Text of the Technical Committee Draft template on mixtures Docs. 41.146, 42.574 et 42.536.
Texts adopted reproduced in	Annex C/2

VIEWS AND DECISIONS OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN

Although certain delegations had informed the Technical Committee that specific proposals on the residual rules for Chapters 1 to 24 would be submitted at a later stage, the Technical Committee decided, on the basis of the plan adopted to finalize the Harmonization Work Programme, to examine the outstanding issues in these Chapters and to submit the results of this examination to the Committee within the time-limits set.

It was, however, pointed out that in the absence of specific proposals and final results concerning determination of origin in Appendix 2 (overall architecture), the Members retained the right to submit proposals on Chapters 1 to 24 at a later stage.

The Technical Committee took note of the Canadian Delegation's concern that delegations were not prepared for the final examination of the outstanding issues in these Chapters. The Canadian Delegation said that this meant that the Technical Committee would not be able to carry out an exhaustive examination of those issues.

When examining these Chapters, the Technical Committee took note of the following proposals:

General proposals

For Chapters 1 to 2 and 4 to 24, where the primary rule was not met, a weight or volume criterion, as appropriate, should be applied (NZ).

For mixtures classified in Chapters 2 to 24, a general residual rule should be applied based on the total value of the different components of the mixture, taking account of the related transformation operations (CH).

Specific proposals by Chapter and issues submitted to the Committee for decision :

Chapter 1

Where the primary rule was not met:

The provisions of the overall architecture of the Rules of Origin relating to the determination of origin in the context of Appendix 2 should be applied;

In the case of animals of the same species with different origins, the origin of each individual animal should be determined, where possible. If this were not possible, the special provision on fungible goods should be applied (CAN).

Note : Use of a particular inventory method should in no way change the origin of the animal (EC).

Chapter 2

Where the primary rule was not met:

The origin should be the country where the animal was slaughtered (CAN);

The provisions of the overall architecture on the determination of origin in the context of Appendix 2 should be applied.

Chapter 3

NOTE : The Technical Committee noted that the splitting of heading 03.01 into ex 03.01 (a) (ornamental fish), and ex 03.01 (b) (other live fish), should probably be aligned on the HS Nomenclature, given that the scope of ex 03.01 (a) was exactly the same as subheading 0301.10. If necessary, that alignment would be effected during the coherence phase.

Where the primary rule was not met:

A residual rule should be applied based on the place where the fish was caught and, if this were not met, a weight criterion should be applied (NZ);

The provisions of the overall architecture on the determination of origin in the context of Appendix 2, Rule 2 should be applied.

Chapter 4

Where the primary rule was not met:

The following residual rule should be applied “The origin shall be the country where the mixing took place, provided that the inputs originating in that country represent at least 80 % by weight of the milk used. If not, the origin shall be the country accounting for the largest percentage of non-originating milk by weight” (CAN).

Chapter 6

For heading 06.03 (a) and heading ex 06.04 (a) (wreaths, flower baskets, buttonholes and the like), where the primary rule based on the Ottawa terminology was not met and the components of the article originated in several countries, the country of origin should be the country where the article was obtained (CAN).

Chapters 7 and 8

The Technical Committee decided to submit to the Committee for decision the issue of determining the origin of mixtures classified in subheadings 0710.90, 0711.90, 0712.90 and 0813.50 (see Doc. OC0028, Issue No. 121).

Chapter 9

The Technical Committee decided to submit to the Committee for decision the issue of determining the origin of mixtures of coffee classified in heading 09.01 (see Doc. OC0028, Issue No. 122).

Chapter 10

Where the primary rule was not met, the following residual rule applicable to mixtures should be applied: “The origin shall be the country in which the mixing took place, provided that the inputs originating in that country represent at least 85 % by weight of the non-originating cereals ” (CAN).

Chapter 15

The Secretariat reminded the Technical Committee, that following the examination of this Chapter at the 12th and 13th Sessions, it had been noted that the technical examination had been finalized and the issues raised had been submitted to the Committee for decision at that time : two Chapter Notes had been retained in Basket 2, one on mixtures and the other on origin criteria to be applied where the primary rules were not met (see template 42.574 of 24 June 1998).

However, the “Basket 2” reference had also been retained before the proposed Notes on the definition of refining and of chemical reactions had also been retained.

To finalize the template in Doc. 42.574, the members of the Technical Committee were invited to make any proposed amendment they wished to include.

The Technical Committee took note, and decided to make the following amendments to Issue No. 45 of the said document:

Option A, paragraph 5 (a) and 5 (b), first indent, sentence in brackets: delete “(removal of the fatty acids from the oil)” and substitute “(removal of the **free** fatty acids from the oil)”.

Option B, paragraph 14: delete “refining is done to remove impurities such as solids and fatty acids from the crude oils” and substitute “refining is done to remove impurities such as solids and **free** fatty acids from the crude oils”.

The Technical Committee also decided to delete paragraphs 18 to 25 of Doc. 42.574 and to confirm referral of Issue No. 115 to the Committee for decisions.

To keep the Committee informed of these amendments, the Technical Committee decided to submit for decision a new template containing Issue No. 45 in Doc. 42.574, as amended at the present. This new template would be Doc. 42.574/Cor. of 28 May 1999. The other amendments would be included in Annex C/2 to the Report of the 17th Session of the Technical Committee and in the new version of the Consolidated Text.

Moreover, the issue of determining the origin of mixtures classified in Chapter 15 was submitted to the Committee for decision, under cover of a separate template dealing solely with the issue of mixtures in certain Chapters of the agricultural sector (see Doc. OC0028, Issue No. 123).

Finally, the Technical Committee took note of the origin criteria proposed by Singapore to determine the origin at residual level on the basis of the added value.

Chapters 18 and 19

The Technical Committee decided to submit to the Committee for decision the issue of determining the origin of goods classified in the headings and subheadings of Chapter 18 obtained from materials classified in the same headings or subheadings. The process for obtaining these mixtures did not result in a change of classification in the HS Nomenclature.

In the template (Doc. OC0028) submitted to the Committee for decision, by the Technical committee, a footnote indicated that, as it covered the same problem, Issue No. 124 was valid for both heading 19.01 and Chapter 18.

Chapter 20

For the juices classified in heading 20.09, where the primary rule was not met, the following residual rule should be applied: “The origin shall be the country whose inputs represent over 70 % by volume. If this percentage is not reached, the origin shall be the country of the products accounting for the largest percentage by volume” (AUS).

Chapter 24

The Technical Committee decided to submit to the Committee for decision the issue of determining the origin of mixtures of tobacco of different origins, classified in headings 24.01 and 24.03 (see Doc. OC0028, Issue No. 125).

ANNEX C/2

**AGREED RULES OF ORIGIN SUBMITTED BY THE
TECHNICAL COMMITTEE ON RULES OF ORIGIN
FOR ENDORSEMENT BY THE
COMMITTEE ON RULES OF ORIGIN –
DESIGNATED AS “BASKET 1”**

**UNRESOLVED ISSUES FOR DECISION BY THE
COMMITTEE ON RULES OF ORIGIN**

CHAPTERS 1 – 24

CHAPTER 1

[General criteria to be used for Chapter Residual rules

For Chapter 2 to 24 : total value of the components, taking account of the related transformation operations (CH)

For Chapters 1, 2 and 4 to 24 : weight or volume criterion, as applicable (NZ)]

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 1	Live animals			
01.01	Live horses, asses, mules and hinnies	[The country of origin of the goods of this heading shall be the country in which the animal was born (CH) (JPN) (PHI) (MAL) (CAN) (MEX) (US) (ARG) (NZ) (FIJ)(AUS)] [The country of origin of the goods of this heading shall be the country in which the animal was born and raised (EC)]		Submitted to CRO for decision (Doc. 42.146, Issue 1). Please note that, in principle, only the issue relating to the last stage of processing is always indicated in column E. So e.g. for sausages the issues of raising of animals is not mentioned, because it was already relevant in earlier stages of production. (Sec)

CHAPTER 2

Chapter Residual rule

[Where the origin of the goods cannot be determined by applying the primary rules. For this chapter the origin shall be the country in which the animals were slaughtered (CAN)]

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 2	Meat and edible meat offal			
02.01	Meat of bovine animals, fresh or chilled.	<p>[The country of origin of the goods of this heading shall be the country in which the animal was born (SEN) (ARG)]</p> <p>[CC (CAN) (JPN) (US) (MEX) (MAL) (AUS) (CH)]</p> <p>[The country of origin of the goods of this heading shall be the country in which the animal was fattened from a weight of 330 kg or less to a weight of 450 kg or more; or the country in which the animal was born (PHI)]</p> <p>[The country of origin of the goods of this heading shall be the country in which the animal was fattened for 6 or more months before slaughtering; or the country in which the animal was born (KOR)]</p>		Submitted to CRO for decision (Doc. 42.146, Issue 2).

CHAPTER 3

Chapter Residual rule

[Where origin cannot be conferred on the goods by applying the primary rules. For this chapter the country of origin shall be determined by the place of capture or, if this criteria is not met, by the weight (NZ)]

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 3	Fish and crustaceans, molluscs and other aquatic invertebrates			
03.01	Live fish.	As indicated for split headings		
ex03.01(a)	Ornamental fish	[The country of origin of the goods of this split heading shall be the country in which the ornamental fish was raised for at least 1 month; or the country in which they have been captured (MAL)]		Submitted to CRO for decision (Doc. 42.146, Issue 8 and Doc. 42.146/Cor).

CHAPTER 4

Chapter Residual rule

[Where the origin of a mixture of dairy produce cannot be determined by applying the primary rules for this Chapter, the origin shall be the country where the mixing took place, provided that the inputs originating in that country represent at least 80 % by weight of the milk used. If not, the origin shall be the country accounting for the largest percentage of milk by weight non-originating (CAN)]

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 4	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included.			
04.01	Milk and cream, not concentrated nor containing added sugar or other sweetening matter.	The country of origin of the goods of this heading shall be the country in which the milk is obtained in its natural or unprocessed state.		Basket 1 (approved by CRO).
04.02	Milk and cream, concentrated or containing added sugar or other sweetening matter.	<i>As specified for split headings</i>		
ex 04.02 (a)	<u>Coffee creamer</u>	[The country of origin of the goods of this split heading shall be the country in which the milk is obtained in its natural or unprocessed state.(CAN) (EC) (KOR) (US (MEX) (ARG)] [CTH (AUS)(COL)(JPN) (MAL) (NZ)] [CTHS (HK)]		Submitted to CRO for decision (Doc. 42.146, Issue 16).

CHAPTER 5

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 5	Products of animal origin, not elsewhere specified or included			
05.01	Human hair, unworked, whether or not washed or scoured; waste of human hair.	CC		Basket 1 (Endorsed by CRO).
05.02	Pigs', hogs' or boars' bristles and hair; badger hair and other brush making hair; waste of such bristles or hair.	CC		Basket 1 (Endorsed by CRO).
05.03	Horsehair and horsehair waste, whether or not put up as a layer with or without supporting material.	CC		Basket 1 (Endorsed by CRO).
05.04	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof, fresh, chilled, frozen, salted, in brine, dried or smoked.	CC		Basket 1 (Endorsed by CRO).

CHAPTER 6

Chapter Residual rule

[Where the floral compositions of subheading ex 06.03(a) or ex 06.04(a) are made from materials of various origins, the origin of the composition shall be the country in which it was made (CAN)]

HS Code number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 6	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage.			
06.01	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower; chicory plants and roots other than roots of heading No. 12.12.	<i>As specified for subheadings</i>		
0601.10	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant	The country of origin of the goods of this subheading shall be the country in which the goods are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).

CHAPTER 7

Chapter Note : [Origin criteria for mixtures classified in subheadings 0710.90, 0711.90 or 0712.90 (CAN)] **Submitted to CRO for decision (Doc. OC0028, Issue N° 121)**

Chapter Residual rule*Secretariat Note*

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 7	Edible vegetables and certain roots and tubers.			
07.01	Potatoes, fresh or chilled.	The origin of the goods shall be the country in which the goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).
07.02	Tomatoes, fresh or chilled.	The origin of the goods shall be the country in which the goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).
07.03	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled.	The origin of the goods shall be the country in which the goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).

CHAPTER 8

Chapter Note

[Origin criteria for mixtures classified in subheading 0813.50 (CAN) **Submitted to CRO for decision** (Doc. OC0028, Issue No. 121)

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 8	Edible fruit and nuts; peel of citrus fruit or melons.			
08.01	Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled.	The origin of the goods shall be the country in which the goods of this heading are grown and harvested		Basket 1 (Endorsed by CRO).
0801.11 0801.19 0801.21 0801.22	- Coconuts: -- Desiccated -- Other - Brazil nuts: -- In shell -- Shelled - Cashew nuts:	<i>As specified for heading</i>		

CHAPTER 9

Chapter Notes: [Origin criteria for mixtures/blending of coffee of diverse origins ¹] **Submitted to CRO for decision** (Doc. OC0028, Issue No. 122)

Chapter Residual rule*Secretariat Note*

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 9	Coffee, tea, maté and spices			
09.01	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion	<i>Proposals as specified for subheadings</i>		
	- Coffee, not roasted :			
0901.11	-- Not decaffeinated	The country of origin of the goods of this subheading shall be the country in which the plant grew		Basket 1 (Endorsed by CRO).

¹ The particular cases of the mixtures referred to in Note 1 (b) to Chapter 9 (HS Note) have already been submitted to the CRO for decision (Doc.42.146, Issue 36).

CHAPTER 10

Chapter Residual Note

[Where the origin of a mixture of cereals cannot be determined by applying the primary rules for this chapter, the origin shall be the country in which the mixing took place, provided that the inputs originating in that country represent at least 85 % by weight of the cereals used non-originating (CAN)]

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 10	Cereals.			
10.01	Wheat and meslin.	The origin shall be the country where goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).
10.02	Rye.	The origin shall be the country where goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).
10.03	Barley.	The origin shall be the country where goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).
10.04	Oats.	The origin shall be the country where goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).
10.05	Maize (corn).	The origin shall be the country where goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
10.06	Rice.	The origin shall be the country where goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).

CHAPTER 11

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 11	Products of the milling industry; malt; starches; inulin; wheat gluten.			
11.01	Wheat or meslin flour.	CC		Basket 1 (Endorsed by CRO).
11.02	Cereal flours other than of wheat or meslin.	CC		Basket 1 (Endorsed by CRO).
11.03	Cereal groats, meal and pellets.	CC		Basket 1 (Endorsed by CRO).
11.04	Cereal grains otherwise worked (for example, hulled, rolled, flaked, pearled, sliced or kibbled), except rice of heading No. 10.06; germ of cereals, whole, rolled, flaked or ground.	CC		Basket 1 (Endorsed by CRO).

CHAPTER 12

Chapter Residual rule**Secretariat Note**

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder.			
12.01	Soya beans, whether or not broken.	The origin shall be the country where goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).
12.02	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken.	The origin shall be the country where goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).
12.03	Copra.	The origin shall be the country where goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).
12.04	Linseed, whether or not broken.	The origin shall be the country where goods of this heading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).

CHAPTER 13

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code Number	Description of Goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 13	Lac; gums, resins and other vegetable saps and extracts			
13.01	Lac; natural gums, resins, gum-resins and oleoresins (for example, balsams).	[CC (CAN) (US) (MEX) (JPN)] [The country of origin of the goods of this heading shall be the country in which the plant grew (PHI) (EC)(CH)(KOR)]		Submitted to CRO for decision (Doc. 42.146, Issue 39).
13.02	Vegetable saps and extracts; pectic substances, pectinates and pectates; agar-agar and other mucilages and thickeners, whether or not modified, derived from vegetable products.	<i>As specified at split heading level</i>		

CHAPTER 14

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 14	Vegetable plaiting materials; vegetable products not elsewhere specified or included			
14.01	Vegetable materials of a kind used primarily for plaiting (for example, bamboos, rattans, reeds, rushes, osier, raffia, cleaned, bleached or dyed cereal straw, and lime bark).	<i>As specified for subheadings</i>		
1401.10	- Bamboos	[The country of origin of the goods of this subheading shall be the country in which the plant grew (PHI) (EC) (CH) (KOR) [CC (CAN) (US) (MEX) (JPN)		Submitted to CRO for decision (Doc. 42.146, Issue 40).
1401.20	- Rattans	<i>As specified for split subheading</i>		

CHAPTER 15

Chapter Notes:

Mixtures Submitted to CRO for decision (Doc. OC0028, Issue No. 123)

[For the purposes of [headings 15.07 to 15.15] [Chapter 15] :

(a) The deliberate and proportionally controlled mixing or blending (including dispersing) of materials to conform to predetermined specifications which results in the production of a good having attained new physical or chemical characteristics in terms of taste, odour or purity and use different from the input materials is considered to be origin conferring.

(b) However, the addition of diluents only is to be disregarded in determining the origin of the good. (SG) (CH) (NOR)]

2. Definition of the term “refining” Submitted to CRO for decision (doc. 42.574/Cor, Issue No. 45)

[Refining (chemically or physically) is considered to be the last substantial transformation if at least :

(a) all the following operations are carried out on crude oils in a single country :

- neutralization with alkali or de-acidification (removal of the free fatty acids from the oil);
- decolorizing (removal of colouring substances); and
- deodorizing (separation of the volatile odorous and flavourous substances by distillation) (AUS, EC, EG^{Y 1}, MEX, JP^{N 2})

(b) three of the following operations are carried out on crude oil^{S 3} in a single country :

- Neutralization with alkali or de-acidification (removal of the free fatty acids from the oil);
- Decolorizing (removal of colouring substances);
- Deodorizing (separation of the volatile odorous and flavourous substances by distillation);
- Stabilization (CH, NOR, SG, TH)]

¹ EGY considers that there is also substantial transformation when the operations mentioned in 2(a) relate to refined oils of headings 15.04, 15.07, 15.11, to 15.13 or 15.15.

² JPN considers obtaining refined fats from crude fats also constitutes a substantial transformation.

³ CH considers that there is also a substantial transformation when the operations mentioned in 2(b) relate to refined oils of heading 15.04 or 15.15.

3. **Definition of “chemical reaction” for the purposes of headings 15.16 and 15.18** Submitted to CRO for decision (Doc. 42.574, Issue No. 115)

[For the purposes of headings 15.16 and 15.18, a chemical reaction is defined as follows :

“A chemical reaction is a process (including a biochemical process) which results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

The following are not considered to be chemical reactions for the purposes of this definition :

- (1) Dissolving in water or other solvents;
- (2) The elimination of solvents including solvent water; or
- (3) The addition or elimination of water of crystallization “ (EC)]

Chapter residual rule

[The CIF value of non-originating materials imported and used in the production does not exceed 75 % of the ex-factory price of the goods.
The method of calculating foreign content is as follows:

$$FC = \frac{\text{CIF value of NORM}}{\text{Ex-factory price}} \times 100\% - 75\%$$

FC: foreign content

NORM: Non-originating raw materials

Ex-factory price = Total materials cost + Direct labour costs + Overhead costs + Profit (SG)]

HS Code Number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
ex 15.21 (a)	<u>Vegetable waxes, beeswax, other insect waxes, refined</u>	[CTHS (CH) (EC) (EGY) (NOR)] [CTH (JPN) (KOR) (MAL) (TH)] [CC (CAN) (MEX) (PHI) (US)]		Submitted to CRO for decision (Doc. 42.571/Cor., Issue No. 45)

CHAPTER 16

Chapter Notes :

1.(a) [Changes to this Chapter from Chapter 2 or 3 merely by addition of seasoning or preservatives are not considered as substantial transformation (US) (CAN) (COL) (PHI) (KOR) (MEX) (MOR) **Submitted to CRO for decision (Doc. 42.146, Issues No. 49 and 50).**

(b) [Changes to goods in this chapter from any other heading merely by addition of seasoning or preservatives or curing and/or smoking and cooking of such products are not considered as substantial transformation (AUS] **Submitted to CRO for decision (Doc. 42.146, Issues 49, 50).**

2. [Food preparations of agricultural products of Chapters 16 to 21 are defined on the basis of one of the following two criteria :

(a) Products to be consumed directly by the ultimate purchaser and normally sold to the ultimate purchaser in places such as department stores, supermarkets, conventional markets, etc.

(b) Intermediate products which meet one of the following requirements and are to be used in the food industry:

(i) Products made through processes which are commonly used for manufacturing the intermediate products for the food industry for the purpose of enhancing the suitability for mechanical production and lowering production costs in subsequent processes.

(ii) Products whose ingredients are homogenized so that the said ingredients are not technically separable or economically possible.

(iii) Products which are transformed into those with essential character as specific prepared products through the addition of material or a component, regardless of the quality of the added material or component. (KOR)] **Submitted to CRO for decision (Doc. 42.146, Issue No. 49).**

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

CHAPTER 17

Chapter Notes :

[Food preparations of agricultural products of Chapters 16 to 21 are defined on the basis of one of the following two criteria :

- (a) Products to be consumed directly by the ultimate purchaser and normally sold to the ultimate purchaser in places such as department stores, supermarkets, conventional markets, etc.
- (b) Intermediate products which meet one of the following requirements and are to be used in the food industry:
 - (i) Products made through processes which are commonly used for manufacturing the intermediate products for the food industry for the purpose of enhancing the suitability for mechanical production and lowering production costs in subsequent processes.
 - (ii) Products whose ingredients are homogenized so that the said ingredients are not technically separable or economically possible.
 - (iii) Products which are transformed into those with essential character as specific prepared products through the addition of material or a component, regardless of the quality of the added material or component. (KOR)] **Submitted to CRO for decision (Doc. 42.146, Issue No. 49).**

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

CHAPTER 18

Chapter Note

1. [Origin criteria for mixtures classified in Chapter 18 (CAN)] **Submitted to CRO for decision (Doc. OC0028, Issue No. 124)**
2. [Food preparations of agricultural products of Chapters 16 to 21 are defined on the basis of the following two criteria :
 - (a) Products to be consumed directly by the ultimate purchaser and normally sold to the ultimate purchaser in places such as department stores, supermarkets, conventional markets, etc.
 - (b) Intermediate products which meet one of the following requirements and are to be used in the food industry:
 - (i) Products made through processes which are commonly used for manufacturing the intermediate products for the food industry for the purpose of enhancing the suitability for mechanical production and lowering production costs in subsequent processes.
 - (ii) Products whose ingredients are homogenized so that the said ingredients are not technically separable or economically possible.
 - (iii) Products which are transformed into those with essential character as specific prepared products through the addition of material or a component, regardless of the quality of the added material or component. (KOR)]] **Submitted to CRO for decision (Doc. 42.146, Issue No. 49).**

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

CHAPTER 19

Chapter Notes

1. [Origin criteria for mixtures classified in heading 19.0¹, (CAN)] **submitted to CRO for decision (Doc. OC0028, Issue No. 124)**
2. Food preparations of agricultural products of Chapters 16 to 21 are defined on the basis of one of the following two criteria.
 - (a) Products to be consumed directly by the ultimate purchaser and normally sold to the ultimate purchaser in places such as department stores, supermarkets, conventional markets, etc.
 - (b) Intermediate products which meet one of the following requirements and are to be used in the food industry:
 - (i) Products made through processes which are commonly used for manufacturing the intermediate products for the food industry for the purpose of enhancing the suitability for mechanical production and lowering production costs in subsequent processes.
 - (ii) Products whose ingredients are homogenized so that the said ingredients are not technically separable or economically possible.
 - (iii) Products which are transformed into those with essential character as specific prepared products through the addition of material or a component, regardless of the quality of the added material or component. (KOR)] **Submitted to CRO for decision (Doc. 42.146, Issue No. 49).**

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

¹ Concerns mixtures produced within heading 19.01 without entailing a change of tariff classification

CHAPTER 20

Chapter Notes

[Food preparations of agricultural products of Chapters 16 to 21 are defined on the basis of one of the following two criteria :

(a) Products to be consumed directly by the ultimate purchaser and normally sold to the ultimate purchaser in places such as department stores, supermarkets, conventional markets, etc.

(b) Intermediate products which meet one of the following requirements and are to be used in the food industry:

(i) Products made through processes which are commonly used for manufacturing intermediate products for the food industry for the purpose of enhancing the suitability for mechanical production and lowering production costs in subsequent processes.

(ii) Products whose ingredients are homogenized so that the said ingredients are not technically separable or economically possible.

(iii) Products which are transformed into those with essential character as specific prepared products through the addition of material or a component, regardless of the quality of the added material or component. (KOR)] **Submitted to CRO for decision (Doc. 42.146, Issue No. 49).**

Chapter Residual rule

[Where the origin of mixtures of fruit juices of heading 20.09 cannot be determined by applying the primary rules for this Chapter, the origin shall be the country whose inputs representing over 70 % by volume. If this percentage is not reached, the origin shall be the country of the products accounting for the largest percentage by volume. (AUS)]

CHAPTER 21

Chapter Note :

[Food preparations of agricultural products of Chapters 16 to 21 are defined on the basis of one of the following two criteria :

- (a) Products to be consumed directly by the ultimate purchaser and normally sold to the ultimate purchaser in places such as department stores, supermarkets, conventional markets, etc.
- (b) Intermediate products which meet one of the following requirements and are to be used in the food industry:
 - (i) Products made through processes which are commonly used for manufacturing intermediate products for the food industry for the purpose of enhancing the suitability for mechanical production and lowering production costs in subsequent processes.
 - (ii) Products whose ingredients are homogenized so that the said ingredients are not technically separable or economically possible.
 - (iii) Products which are transformed into those with essential character as specific prepared products through the addition of material or a component, regardless of the quality of the added material or component. (KOR)] **Submitted to CRO for decision (Doc. 42.146, Issue No. 49)**

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

CHAPTER 22

Chapter Note

[A de minimis of 10% is essential in heading 22.08 to allow for the use of alcoholic base products in the flavouring of distilled spirits (CAN)] **Submitted to CRO for decision (Doc. 42.146, Issue No. 107).**

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code Number	Description of goods	Origin criteria	Notes	Comments
A	B	C	D	E
Chapter 22	Beverages, spirits and vinegar			
22.01	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow.	The origin of the goods shall be the country in which the water, ice or snow classified in this heading are obtained in their natural state		Basket 1 (Endorsed by CRO).
2201.10	- Mineral waters and aerated waters	<i>As specified for heading</i>		
2201.90	- Other			

CHAPTER 23

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code number	Description of goods	Origin criteria	Notes	Comments
A	B	C	D	E
Chapter 23	Residues and waste from the food industries; prepared animal fodder			
23.01	Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption; greaves	CTH		Basket 1 (Endorsed by CRO).

CHAPTER 24

Chapter Note :

[For the purposes of headings 24.01 and 24.03, any deliberate and proportionally controlled mixing or blending of tobacco resulting in a product with a determinated composition confers origin (SEN)] **Submitted to CRO for decision (Doc. OC0028, Issue No. 125)**

Chapter Residual rule

Secretariat Note

There were no specific proposals for this Chapter over and above the general proposals made for agricultural products.

HS Code Number	Description of goods	Origin criteria	Notes	Comments
A	B	C	D	E
Chapter 24	Tobacco and manufactured tobacco substitutes			
24.01	Unmanufactured tobacco; tobacco refuse.	<i>As specified for subheadings</i>		
2401.10	- Tobacco, not stemmed/stripped	The origin of the goods shall be the country in which the tobacco and tobacco substitutes of this subheading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).
2401.20	- Tobacco, partly or wholly stemmed/stripped	The origin of the goods shall be the country in which the tobacco and tobacco substitutes of this subheading are obtained in their natural or unprocessed state		Basket 1 (Endorsed by CRO).

ANNEX D/1

AGENDA ITEM IV. 2.	Chapters 50-63; Textile-related Articles
Working Documents	Consolidated Text; Referral Doc. 42.271; Referral Doc. 42.269
Texts adopted reproduced in	Annex D/2 Referral Doc. OC0023

VIEWS AND DECISIONS OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN

The Technical Committee examined the unresolved issues for Chapters 50 to 63, including proposed section notes and residual rules, using the consolidated text, draft templates and the documents referred in the Draft Agenda.

The texts amended during the examination are set forth in Annex D /2 to this Report.

As a result of the discussions, unresolved issues were prepared as templates and have been presented in Referral Doc. OC0023.

Section Notes

The Technical Committee examined whether or not the proposed Notes in Section XI on (1) textile (yarn and fabric) making processes; and (2) minor processing operations not affecting origin which had been retained in Basket 2, should be maintained.

The Technical Committee decided to delete the Section Note on yarn and fabric making processes.

Concerning the Section Note on minor processing operations not affecting origin, the Technical Committee was not able to reach agreement. The Committee instructed the Secretariat to draw up a template on the issue for decision by the Committee on Rules of Origin.

The Committee took note that the proposed note would apply across the Section XI and apply to made up articles of Chapters 42 and 43.

Combination of ex 50.07 (a) and (c)

The TCRO was informed that the split heading ex 50.07 (a) should be combined with 50.07 (c) because, by subsequent decision of the Committee, two split headings are included in Basket 1 together. The Technical Committee took note of this, and arranged the Consolidated Text for heading 50.07 into two split headings; (a) woven fabrics of silk or of silk waste; printed, dyed (including dyed white) (b) other.

Residual rule for the assembly of articles of apparel and clothing accessories

With regard to the necessity for residual rules and the contents of the rules at a Chapter level for assembly of articles of apparel and clothing accessories of Chapters 61 and 62 from parts for the goods, several delegations expressed their opinions.

Some delegations recognized the necessity of the residual rules and suggested concrete proposals but several delegations did not recognize the necessity to make a residual rule.

Thus, the Committee decided that the Secretariat should make a template for decision of the Committee on Rules of Origin.

The putting up in packings for retail sale of sets classified in heading 63.08

Concerning whether the putting up in packings for retail sale of sets classified in heading 63.08, consisting of woven fabric and yarn, whether or not with accessories, for making up into rugs, tapestries, embroidered table clothes or serviettes, or similar textile articles, result in substantial transformation, the opinions of the Technical Committee remained divided.

Some delegations recognize the change of a tariff classification from goods of other headings to a set of this heading as substantial transformation without any other condition but other delegations insisted that a limited amount of non-originating materials is used or that merely putting up a set of heading 63.08 is not origin conferring.

The Secretariat was instructed to prepare a new template requesting the decision of the Committee on Rules of Origin.

Necessity for Chapter Residual Rules for goods of HS Section XI (Textiles and Textile Articles) and Textile Related Goods of other HS Chapters

One delegation assumed that there will be cases in the textile sector in which the primary rules will not produce an origin result and, thus, the delegation proposed the Chapter residual rules for goods of Chapters 50 to 60 be determined on the basis of where the textile fabric was woven or knitted.

Another delegation considered that the general residual rules at Appendix 2 are sufficient for the purpose and, in cases where the applicable primary rule is not met, the arrangement of the architecture will direct to a single rule in which is applied the appropriate residual rule criterion designated for the relevant Chapter.

Assembly of products of Chapter 61 and 62

India informed the Technical Committee about its position on assembly of goods of Chapter 61 and 62. The rule proposed is:

For the purposes of Chapter 61 and 62, the country of origin of an article of apparel or clothing accessories shall be the country where such apparel or clothing accessory, as the case may be, is finally assembled.

This delegation clarified further:

“Final assembly means where the article assumes the essential character of the final product and thereby gets classified as the final product. Further operations which do not change the classification will not change the origin”.

This position will also be reflected in the next update of the Consolidated Text.

The Secretariat was instructed to prepare a new template requesting the decision of the Committee on Rules of Origin.

The Referral Document containing all the templates is issued as Doc. OC0023.

ANNEX D/2

**UNRESOLVED ISSUES FOR DECISION BY THE
COMMITTEE ON RULES OF ORIGIN**

CHAPTERS 50 - 63

Textiles related products of Chapters 64-66

Chapters 50 to 63
(Textiles and Textile Articles)

Section Note : (Submitted to CRO for decision) (See Issue No. 74 Doc. OC0023)

Minor processing operations not affecting origin. For the purposes of determining the country of origin for goods falling within Section XI that are not wholly obtained in one country, the following individual processes, considered singly, shall not affect the origin of the goods concerned, whether or not such processes result in changes of classification:

- (a) Working or finishing one or more edges by hemming, rolling, whipping or similar means or by knotting fringe;
- (b) Cutting fabrics, yarns or other textile materials; or separating goods produced in the finished state by cutting along dividing threads;
- (c) Assembling or joining goods by sewing or stitching for convenience of shipment or other temporary purposes;
- (d) Putting up goods for retail sale or in sets or ensembles (US)]

Chapter Residual Rules (for Chapters 50 to 60) : (Submitted to CRO for decision) (See Issue No. 77 - Doc. OC0023)

[The country of origin of a fabric of this Chapter shall be the country where the textile fabric was knitted or woven (CAN)]

Chapter 58

Chapter Residual Rules : (Submitted to CRO for decision) (See Annex to Doc. OC0023)

When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

- [1. The country of origin of quilted fabrics of heading 58.11 of this Chapter shall be the country in which the exterior textile fabric was formed, or in the case of a good containing textile fabrics of more than one country, the origin of the good is the country in which the exterior textile fabric that predominates by weight was formed (US)]

CHAPTER 59

Chapter Residual Rules : (Submitted to CRO for decision) (See Annex to Doc. OC0023)

When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

- [1. The country of origin of fabrics of this Chapter, except textile wall coverings of heading 59.05, shall be the country where the textile fabric was formed, or in the case of a good containing textile fabrics of more than one country, the origin of the good is the country in which the textile fabric that predominates by weight was formed (US)]

Chapter 61 ***Chapter Notes : (Submitted to CRO for decision) (See Issue No. 46 Doc. 42.271)****[1. / OPTION 1**

For the purposes of this chapter, and subject to paragraph (b), the term “assembled in a single country” means that all of the assembly operations following the cutting of the fabric ,or the knitting or crocheting to shape, of the parts have been performed in that country.

(b) For the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country: attaching: items such as accessories, buttons and/or other fasteners, pockets, trimmings, cuffs, plackets, labels, [collars (JPN, PHI, MAL, CH,NOR)]; making button holes, hemming. (EC, JPN, PHI, MAL, TUR, CH, NOR,FIJ,CR)]

[1/ OPTION 2

(a) For the purposes of this chapter, and subject to paragraph (b), the term “assembled in a single country” means that all of the assembly operations following the cutting of the fabric to shape of the parts have been performed in that country.

(b) For the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country: [attaching and/or making up of the following, for example (HK)] [attaching to garments or accessories (US)] : buttons and other fasteners, patch pockets, foot straps, trimmings, ornaments, cuffs, plackets, belt loops, epaulettes, labels, [collars (US) (HK)], [lining, padding, pockets other than patch pockets, waist bands, garment accessories, facings, self belts, pleats (HK)];making button holes, hemming, [pressing, stone or acid washing (US) (HK)] (US, MEX, HK, SEN, GUA, EGY,AUS)]

[1/ OPTION 3

For the purpose of this chapter, and subject to paragraph (b), “both cut or knitted or crocheted to shape and sewn or otherwise assembled in the country claiming origin” means that all of the assembly operations along with the cutting of the fabric, or the knitting or crocheting to shape , of the parts have been performed in that country.

(b)For the purpose of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country: attaching: buttons and other fasteners, patch pockets, foot straps, trimmings, ornaments, cuffs, plackets, belt loops, epaulettes, labels, collars, padding and waist bands. (NZ, BRA, ARG, PAK)]

* There is an agreement in the TCRO that the change in use of the goods is not origin conferring process.

[1/OPTION 4

For the purposes of this chapter, except for goods knitted or crocheted to shape, the term “substantial assembly” means sewing together or assembly of all the major garment parts of a good of this chapter.

(b) For the purposes of this chapter “major garment parts” means integral components of a garment, but does not include parts such as collars, cuffs, waistbands, plackets, pockets, linings, paddings or accessories. (CAN)]

[1/OPTION 5

For the purposes of Chapters 61 and 62, the country of origin of an article of apparel or clothing accessories shall be the country where such apparel or clothing accessory, as the case may be, is finally assembled. Final assembly means where the article assumes the essential character of the final product and thereby gets classified as the final product. Further operations which do not change the classification will not change the origin (IND)]

Chapter residual rules (Submitted to CRO for decision) (See Issue No. 75 Doc. OC0023)

[2/OPTION 1

When no country satisfies the primary rule determining the origin of the assembly of articles of apparel and clothing accessories of heading 61.01 to 61.15 and 62.01 to 62.12 from parts for the goods, the country in which 8 or more major or other parts of the goods are assembled shall be the country of origin for the goods. (CAN)]

[2/OPTION 2

When application of the primary rules of Chapters 61 and 62 (including the product specific rules provided in the matrix) do not result in a determination of a country of origin, the country of origin shall be determined as follows:

“Where the primary rule for a good assembled from parts requires that the good be wholly assembled in a single country, the country of origin of such a good that was not wholly assembled in a single country, is the country in which the most significant assembly operations were performed in the making-up of the good, without regard to the addition of buttons and other fasteners, belt and hanger loops, belts, patch pockets, labels, foot straps, epaulettes, ornaments and other minor components”. (US)]

[2/OPTION 3

When the above 2/OPTION 2 conditions are not satisfied, the country of origin of goods of chapter 61 and 62 shall be the country where the textile fabric or knit-to-shape components was formed, or in the case of a good containing textile fabrics or knit-to-shape component of more one country, the origin of the good is the country in which the textile fabric or knit-to-shape component that predominates by weight was formed. (US)]

[2/OPTION 4

When application of the primary rules of Chapters 61 and 62 (including the product specific rules provided in the matrix) do not result in a determination of a country of origin, the country of origin shall be determined as follows :

“Where the primary rule for a good assembled from parts requires that the good be wholly assembled in a single country, the country of origin of such a good that was not wholly assembled in a single country, is the country in which the most significant assembly operations were performed in the making-up of the good, without regard to:

- attaching and/or making up of the following, for example: buttons and other fasteners, patch pockets, foot straps, trimmings, ornaments, cuffs, plackets, belt loops, epaulettes, labels, collars, lining, padding, pockets other than patch pockets, waistbands, garment accessories, facings, self belts, pleats;
- making button holes, hemming, pressing, stone or acid washing. (HK)]

[2/OPTION 5

For the determination of the assembly of articles of apparel and clothing accessories of headings 61.01 to 61.15 and 62.01 to 62.12 from parts for the goods, specific residual rules are not necessary. When the primary rules provided for assembled articles of Chapter 61 and 62 are not satisfied, the origin of such articles should be determined by application of the general residual rules set forth in Appendix 2, Rule 2. (EC, CH) The criterion to be used in this context is value. (EC)]

[2/OPTION 6

The criterion for this residual rule should be country contributing most to the total value of the good in terms of total parts and related processing activities. (CH)]

Chapter 62 *

Chapter Note : (Submitted to CRO for decision) (See Issue No. 46 Doc. 42.271)

[1. / OPTION 1

(a) For the purposes of this chapter, and subject to paragraph (b), the term “assembled in a single country” means that all of the assembly operations following the cutting of the fabric, or the knitting or crocheting, to shape of the parts have been performed in that country.

(b) For the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country: attaching: items such as accessories, buttons and/or other fasteners, pockets, trimmings, cuffs, plackets, labels, [collars (JPN, PHI, MAL, CH, NOR)]; making button holes, hemming. (EC, JPN, PHI, MAL, TUR, CH, NOR, FIJ, CR)]

[1/ OPTION 2

(a) For the purposes of this chapter, and subject to paragraph (b), the term “assembled in a single country” means that all of the assembly operations following the cutting of the fabric to shape have been performed in that country.

(b) For the purposes of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country: [attaching and/or making up of the following, for example (HK)] [attaching to garments or accessories (US)] : buttons and other fasteners, patch pockets, foot straps, trimmings, ornaments, cuffs, plackets, belt loops, epaulettes, labels, [collars (US) (HK)], [lining, padding, pockets other than patch pockets, waist bands, garment accessories, facings, self belts, pleats (HK)]; making button holes, hemming, [pressing, stone or acid washing (US) (HK)] (US, MEX, HK, SEN, GUA, EGY, AUS)]

[1/ OPTION 3

For the purpose of this chapter, and subject to paragraph (b), “both cut or knit to shape and sewn or otherwise assembled in the country claiming origin” means that all of the assembly operations along with the cutting of the fabric, or the knitting or crocheting, of the parts to shape have been performed in that country.

(b) For the purpose of paragraph (a) performing or not performing operations such as the following shall not affect the determination of whether the good has been assembled in a single country: attaching: buttons and other fasteners, patch pockets, foot straps, trimmings, ornaments, cuffs, plackets, belt loops, epaulettes, labels, collars, padding and waist bands. (NZ, BRA, ARG, PAK)]

* There is an agreement in the TCRO that the change in use of the goods is not origin conferring process.

[1/OPTION 4

For the purposes of this chapter, except for goods knitted or crocheted to shape, the term “substantial assembly” means sewing together or assembly of all the major garment parts of a good of this chapter.

- (b) For the purposes of this chapter “major garment parts” means integral components of a garment, but does not include parts such as collars, cuffs, waistbands, plackets, pockets, linings, paddings, facings or accessories. (CAN)]

[1/OPTION 5

For the purposes of Chapters 61 and 62, the country of origin of an article of apparel or clothing accessories shall be the country where such apparel or clothing accessory, as the case may be, is finally assembled. Final assembly means where the article assumes the essential character of the final product and thereby gets classified as the final product. Further operations which do not change the classification will not change the origin. (IND)]

Chapter residual rules (Submitted to CRO for decision) (See Issue No. 75 Doc. OC0023)

[2/OPTION 1

When no country satisfies the primary rule determining the origin of the assembly of articles of apparel and clothing accessories of heading 61.01 to 61.15 and 62.01 to 62.12 from parts for the goods, the country in which 8 or more major or other parts of the goods are assembled shall be the country of origin for the goods. (CAN)]

[2/OPTION 2

When application of the primary rules of Chapters 61 and 62 (including the product specific rules provided in the matrix) do not result in a determination of a country of origin, the country of origin shall be determined as follows :

“Where the primary rule for a good assembled from parts requires that the good be wholly assembled in a single country, the country of origin of such a good that was not wholly assembled in a single country, is the country in which the most significant assembly operations were performed in the making-up of the good, without regard to the addition of buttons and other fasteners, belt and hanger loops, belts, patch pockets, labels, foot straps, epaulettes, ornaments and other minor components”. (US)]

[2/OPTION 3

When the above 2/OPTION2 conditions are not satisfied, the country of origin of other goods of chapter 61 and 62 shall be the country where the textile fabric or knit-to-shape components was formed, or in the case of a good containing textile fabrics or knit-to-shape component of more one country, the origin of the good is the country in which the textile fabric or knit-to-shape component that predominates by weight was formed. (US)]

[2/OPTION 4

When application of the primary rules of Chapters 61 and 62 (including the product specific rules provided in the matrix) do not result in a determination of a country of origin, the country of origin shall be determined as follows:

“Where the primary rule for a good assembled from parts requires that the good be wholly assembled in a single country, the country of origin of such a good that was not wholly assembled in a single country, is the country in which the most significant assembly operations were performed in the making-up of the good, without regard to:

- attaching and/or making up of the following, for example: buttons and other fasteners, patch pockets, foot straps, trimmings, ornaments, cuffs, plackets, belt loops, epaulettes, labels, collars, lining, padding, pockets other than patch pockets, waistbands, garment accessories, facings, self belts, pleats;
- making button holes, hemming, pressing, stone or acid washing. (HK)]

[2/OPTION 5

For the determination of the assembly of articles of apparel and clothing accessories of headings 61.01 to 61.15 and 62.01 to 62.12 from parts for the goods, specific residual rules are not necessary. When the primary rules provided for assembled articles of Chapter 61 and 62 are not satisfied, the origin of such articles should be determined by application of the general residual rules set forth in Appendix 2, Rule 2. (EC, CH) The criterion to be used in this context is value. (EC)]

[2/OPTION 6

The criterion for this residual rule should be country contributing most to the total value of the good in terms of total parts and related processing activities. (CH)]

CHAPTER 63

Chapter Residual Rules : (Submitted to CRO for decision) (See Annex to Doc. OC0023)

When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

- [1. The country of origin of goods of this Chapter shall be the country where the textile fabric was formed, or in the case of a good containing textile fabrics of more than one country, the origin of the good is the country in which the textile fabric that predominates by weight was formed (US)]

Chapter 64

Chapter Residual Rules : (Submitted to CRO for decision) (See Annex to Doc. OC0023)

When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin,

[1. The country of origin of a good of heading 64.06 that was assembled from parts, but was not wholly assembled in a single country, is the country in which the most significant assembly operations were performed in the making-up of the good, without regard to the addition of buttons and other fasteners, hanger loops, labels, foot straps, ornaments and other minor components (US)]

Chapter 65

Chapter Residual Rules : (Submitted to CRO for decision) (See Annex to Doc. OC0023)

When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

- [1. For a good of headings 65.01 through 65.05 that was assembled from parts, where the primary rule requires that the good be wholly assembled in a single country, is the country in which the most significant assembly operations were performed in the making-up of the good, without regard to the addition of buttons and other fasteners, hanger loops, tighteners, labels, hat bands, ornaments and other minor components (US)]

Chapter 66

Chapter Residual Rules : (Submitted to CRO for decision) (See Annex to Doc. OC0023)

When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

- [1. The country of origin of a good of heading 66.01 that was assembled from parts, but was not wholly assembled in a single country, is the country in which the most significant assembly operations were performed in the making-up of the good, without regard to the addition of buttons and other fasteners, hanger loops, labels, ornaments and other minor components (US)]

ANNEX E/1

AGENDA ITEM IV. 3.	Chapters 82 & 83
Working Documents	Consolidated Text; Referral Doc. 42.576; Referral Doc. 42.511
Texts adopted reproduced in	Annex E/2 (not issued) Referral Doc. OC0025; Referral Doc. OC0026

VIEWS AND DECISIONS OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN

The Technical Committee examined the new general draft template prepared by Secretariat on the production of a finished good or part from an unfinished good or part, including blanks, covering goods classified in HS chapters 71 to 95.

During the discussion several delegates pointed out that the positions of proponents on blanks differed from chapter to chapter. Each chapter had its specificity which could not be dealt with in one general template.

Thus, the Committee decided that the general template drafted by Secretariat should be divided into separate templates (covering chapters 71, 82-83 and 84-90 respectively)

Concerning the relationship to the previous templates on the production of a finished good or part from an unfinished good or part including blanks (Doc. 42.576 for chapter 82 and Doc. 42.511 for chapter 83), the Secretariat clarified that Issues 1 and 2 of Doc. 42.576 and Doc. 42.511 were reported to the CRO only for information on progress in the work and, thus, the two separate templates on chapters 82 and 83 would supplement the ones previously prepared as drafts only.

With regard to the necessity of general Chapter Note on the production of a finished good or part from an unfinished good or part including blanks in chapter 82 and 83, some delegations recognized the necessity because the product specific rules set for the goods of chapter 82 and 83 do not take account of all the different processes where substantial transformation takes place.

But other delegations took the view that a general Chapter Note is not necessary because the product specific rules provide for all the cases of substantial transformation.

The Committee decided that these differing views should be submitted in templates. The Committee also decided that issues of assembly arising in chapters 82 and 83 would be covered in the decisions and possible templates adopted for chapters 84 to 90.

The Committee took note that the above issue covers in general the transformation of unfinished products of chapter 82 and 83.

AGENDA ITEM IV. 4.	Chapters 84-90; Machines, transport equipment, optical or photographic apparatus
Working Documents	Consolidated Text; Draft Referral Doc. OC0015E1; OC0022 (United States); OC0024 (Japan); OC0027 (Brazil)
Texts adopted reproduced in	Annex F/2 Referral Doc. OC0031

VIEWS AND DECISIONS OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN

The Technical Committee examined the unresolved issues for Chapters 84 to 90, including proposed section notes and residual rules, using the consolidated text, draft templates and the Members' contributions.

The texts amended during the examination are set forth in Annex F/2 to this Report.

As a result of the discussions, unresolved issues have been presented in Referral Doc. OC0031.

Generic Issues

The Technical Committee identified 13 generic issues applicable to the Chapters 84 to 90. Several issues related to the change of classification rule were considered to have more general application, and the text of the proposals and the reference to the issues were included in the referral document on the architecture. These issues include: GIR 2(a) – collection of parts (No.4); GIR 2(a) – assembly of the collected parts (No.5); packaging or repackaging of goods (No.6); change of use (No.9); and origin of a disassembled or recovered part or a removed article from the good that would have performed its original purpose or would have been capable of being restored or repaired. It was agreed that the draft issues of numbers 14 to 16 were to be placed in Part 3 (product specific issues) of the referral document. The Technical Committee also agreed that the generic issues modified as indicated in Annex F/2 to this document should be referred to the CRO for decision.

Product Specific Issues

69 product specific issues were identified and agreed with the appropriate modifications as indicated in Annex F/2 to this document. One issue was added to reflect a new proposal for heading 85.42. This was also agreed and reproduced in Annex F/2.

Chapter Notes/Rules for Chapters 84 to 90

The Technical Committee decided that the reorganised Chapter Notes/Rules should be referred to the CRO for decision. The Chapter Notes/Rules were reproduced in Annex F/2 to this document.

ANNEX F/2

**UNRESOLVED ISSUES FOR DECISION BY THE
COMMITTEE ON RULES OF ORIGIN**

**AGREED RULES OF ORIGIN SUBMITTED BY
THE TECHNICAL COMMITTEE ON RULES OF ORIGIN
FOR ENDORSEMENT BY THE COMMITTEE ON RULES OF ORIGIN
(Designated as “Basket 1” in the Annex)**

Chapters 84 - 90

The Technical Committee discussed the draft template document (OC0015E1) and agreed with the following modifications.

I. REDRAFTED ISSUES

ISSUE No.38:

ASSEMBLY OF PLASMA DISPLAY PANELS, LASER PRINTER CARTRIDGES, INKJET CARTRIDGES, PRINTER HEADS OR SHEET FEEDERS FROM THEIR PARTS CLASSIFIED IN THE SAME SUBHEADING (8473.30)

84.73	Parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with machines of headings Nos. 84.69 to 84.72.	<p><i>[For subheading 8473.30, as indicated at the split subheading level CTH/CTSHS;</i></p> <p><i>For other subheadings of this heading, CTH, except from headings 84.69 through 84.72] (JPN) (AUS)</i></p> <p><i>[CTH, except from headings 84.69 through 84.72 or change within each subheading with supplementary criteria] (CAN)</i></p> <p><i>[CTH] (COL) (MEX)</i></p> <p><i>[CTH; or for subheading 8473.30, as indicated at the split subheading level] (US)</i></p> <p><i>[45% value-added rule] (EC)</i></p> <p><i>[CTSH] (SG)</i></p> <p><i>[CTH; or change within subheading subject to Chapter Note] (CH)</i></p>	
[ex 8473.30(a)]	-- Plasma display panel, <u>laser printer cartridge, inkjet cartridge, printer head or sheet feeder</u>	[CTSHS (JPN) (EGY) (AUS) (KOR)] [CTH (US)]	
ex 8473.30(b)	-- <u>Memory modules (for example, SIMMs, DIMMs and memory boards)</u>	[CTH, except from heading 85.42 (US)]	<u>[Subsidiary Rule]</u> The country of origin will be the country of origin of the integrated circuits] (US)
ex 8473.30(c)	-- <u>Other</u>	[CTH (JPN) (AUS) (KOR)] [CTH (US) (JPN) (AUS) (KOR)]	

OPTION A: Yes. (by assembly)

Option A/1: (SG)

- Any assembly from parts confers origin on the assembled goods.
- The Chapter rule should be:

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (IND) (MOR)

3. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Assembling plasma display panels, laser printer cartridges, inkjet cartridges, printer heads or sheet feeders from parts classified in heading 84.73 results in a new good having new characteristics.

4. The Chapter rule should be:

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN) (EGY) (AUS) (KOR)

5. Plasma display panels that are classified in subheading 8473.30 as parts of plasma display units of subheading 8471.60 are manufactured by the following processes: i) front panel and back panel as starting materials; ii) sealing two panels by frit glass; iii) exhausting of air through exhausting tube (8473.30); and filling of NeXe gas through exhausting tube and closing. These processes require a highly sophisticated technique under a clean environment to achieve strictly predetermined accuracy. The plasma display panel is totally different from source materials such as exhausting tubes and substantially transformed. The manufacture of plasma display panels from their parts is an origin conferring event.

6. Laser printer cartridges, inkjet cartridges, printer heads or sheet feeders classified in the subheading 8473.30 as parts or accessories of the machines of the heading 84.71 have been circulated world-wide as complete and independent components similar to the plasma display panels. They are manufactured from parts also classified in the subheading 8473.30 through the complicated assembling operation. The changes from the parts to them are worth being regarded as the last substantial transformation.

7. The rule should be:

CTSHS for ex 8473.30(a)

OPTION C: Yes, provided (by a value added rule) (EC)

8. Any parts may be used to assemble plasma display panels regardless of its classification, provided the criterion of 45% value added is satisfied.

9. The rule should be:

45 % value added rule

10. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION D: No.

11. Parts or accessories of ADP machines should be manufactured from raw materials or other articles classified in a different heading. A change within the subheading is not considered as substantial transformation.

12. The rule should be:

CTH

Option D/1: (CAN) (COL) (MEX)

13. When the CTH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option D/2: (US)

14. When the CTH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

RELEVANT HS CODES: ex 8473.30(a)

ISSUE No.59 : JPN's New Splits Proposal

ASSEMBLY OF FINISHED OR COMPLETE TELEVISION RECEIVERS, VIDEO PROJECTORS OR VIDEO MONITORS FROM UNFINISHED OR INCOMPLETE GOODS CLASSIFIED IN THE SAME SUBHEADING AS THE COMPLETE OR FINISHED PRODUCT

NOTE

15. The Generic Issue No. 3 is prepared to deal with the “non-blank” Chapter Note proposed by CH. On the other hand, Issue No.59 is prepared for the JPN and KOR's proposal to split heading 85.28. According to the proposed Chapter Notes structure the “non-blank” rule is applicable when the product specific rules specified in the matrices do not determine the origin of a good. Therefore the Issue No.59 should be considered as a product specific issue.

85.28	Reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus; video monitors and video projectors.		
		[CTH; or change by assembly according to the relevant Chapter Notes (CAN)] <i>[as specified for split subheadings (JPN)]</i> [CTH](CH) (SG) (PHI) (TH) [CTSH (MEX)] [CTSH, except from 8540.11 - 8540.12 (US) (AUS) (HK)] [value added 40% (EGY)] [45 % value added rule (EC)] [CTH except from chassis of heading 85.29 (TUR)]	
ex-85.28 (a)	- <u>Finished television</u>	CTH, or CTHS from ex-85.28 (b) (JPN) (KOR)	
ex-85.28 (b)	- <u>Incomplete television not incorporating a display device</u>	CTH (JPN) (<u>KOR</u>)	
ex-85.28 (c)	- <u>Finished video projector</u>	CTHS (JPN) (KOR)	
ex-85.28 (d)	- <u>Incomplete video projector not incorporating an optical block including display device</u>	CTH (JPN) (<u>KOR</u>)	
ex-85.28 (e)	- <u>Finished video monitor</u>	CTHS (JPN) (KOR)	
ex-85.28 (f)	- <u>Incomplete video monitor not incorporating a display device</u>	CTH (JPN) (KOR)	
ex-85.28 (g)	- <u>Other</u>	CTH (JPN) (<u>KOR</u>)	

OPTION A: Yes. (by assembly)

Option A/1: (SG)

16. Any assembly from parts confers origin on the assembled goods.

17. The Chapter rule should be:

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (MOR)

18. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Assembly of finished or complete television receivers from incomplete television receivers not incorporating a display device; assembly of finished or complete video projectors from incomplete video projectors not incorporating an optical block including display device; or assembly of finished or complete video monitors from incomplete video monitors not incorporating display devices results in a new good having new characteristics.

19. The Chapter rule should be:

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes. (by a change of tariff classification rule) (JPN) (KOR)

20. Assembly of finished or complete television receivers from incomplete television receivers which do not incorporate a display device, or of finished or complete video projectors from incomplete video projectors which do not incorporate an optical block including display device, or of finished or complete video monitors from incomplete video monitors which do not incorporate display devices is a substantial transformation. The finishing operations require the highly sophisticated processing and determine the quality of the goods. The production of these components reflects the commercial reality of this industrial sector. The finished television receivers, video projectors and video monitors are substantially transformed from the unfinished or incomplete television receivers, video projectors or video monitors.

21. The rule should be:

- CTH; or CTHS from ex-85.28(b) for ex 85.28(a) (JPN) (KOR)
- CTHS for ex 85.28(c) (subheading 8528.30) (JPN) (KOR)
- CTHS for ex 85.28(e) (JPN) (KOR)

OPTION C: Yes, provided (by a Chapter Rule/Note) (CH)

22. It is not necessary to deal with finishing operations as a product specific issue. Finishing unfinished or incomplete goods should be considered an origin conferring event, if the processes satisfied the requirements laid down in the Chapter Rule/Note (the “non-blank” rule).

23. The Chapter Rule/Note should be:

“Whenever the change of classification rules set out for goods of chapters 84 to 90 and 93 are not determinant of the country of origin of the good, the following substantial transformation rules are to be applied:

- (a) A finished good or part produced from a non-originating unfinished good or part classified in the same heading or subheading as the finished good or part shall originate in the country in which the good or part was finished, provided:
 - (i) the unfinished good or part is not functioning for its ultimate use in its imported condition and has undergone at least two or more of the following processes:

- assembly by built-up such as but not limited to welding, soldering, shrinking, bolting, glueing, fitting, fixing, spooling, winding, connecting, wiring, coupling; or
 - heat treatment or thermochemical treatment such as glowing, tempering, hardening; or
 - treatment for the purpose of shaping, forming such as cold or warm forming; or
 - mechanical treatment, refining of form-, positional- and surface tolerances of functional finished shapes such as turning, milling, drilling, broaching, grinding, polishing, honing, eroding; or
 - surface treatment such as coating, compressing, condensing, impregnating (excluding temporary conservation for transport and/or storage purpose), insulating; or
 - system engineering, software-development and application;
- and

- (ii) The finished good or part has undergone final testing such as but not limited to balancing, spinning, voltage testing, performance- or isolation test.

- (b) A finished good or part, produced from a non-originating good or part, classified in the same subdivision as the finished good or part which do not satisfy the conditions mentioned in Rule 2.B.(1) (a) above shall originate in the country contributing most to the product in terms of total value of parts (including an unfinished good) and related processing activities.”

24. If the required processes are not satisfied origin is determined by application of a [general] [final] residual rule.

OPTION D: Yes, provided (by a value added rule)

Option D/1: (EC)

25. Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied.

26. The rule should be:

45% value added rule

27. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

Option D/2: (EGY)

28. Any non-originating material may be used regardless of its classification, provided the criterion of 40% value added is satisfied.

29. The rule should be:

40% value added rule

30. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION E: No. (See Issue No.60 for further elaboration)

31. The assembly of these electrical goods from unfinished or incomplete goods classified in the same subheading is not a substantial transformation.

Option E/1:

32. The rule should be:

- i) CTH (PHI) (TH) (CAN) (HK)
CTSH (MEX) (MAL)

33. When the CTH or CTSH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option E/2:

Option E/2/a: (AUS)

34. The rule should be:

CTSH, except from 8540.11 or 8540.12

35. When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.

Option E/2/b: (US)

36. The rule should be:

CTSH, except from 8540.11 or 8540.12

37. When the specified rule is not met, a subsidiary rule applies. The subsidiary rule should be:

“Otherwise, the country of origin of the good shall be the country of origin of the cathode-ray television picture tube.”

Option E/3: (TUR)

38. The rule should be:

CTH, except from chassis of heading 85.29.

39. When the specified rule is not met, origin is determined by application of a [general] [final] residual rule.

RELEVANT HS CODES: 85.28 (ex85.28(a), ex85.28(c), ex85.28(e))

Issues Nos.65 is split into 2 separate issues by CAN's request; A split heading is added to heading 85.42 by CH's request.

85.41	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light emitting diodes; mounted piezo-electric crystals.	<i>Proposals as specified for split heading</i>	
ex-85.41 (a)	- <u>Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light emitting diodes, unmounted</u>	[CTSH] (JPN) (CAN) (KOR) (CH) (MEX) (SG) (PHI) (HK) [CTH; or change from split heading 85.41 (g) (US) (AUS)] [CTH ; or 45 % value added rule (EC)]	<u>Subsidiary Rule:</u> The country of origin will be the country of diffusion (US)
ex-85.41 (b)	- <u>Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light emitting diodes, mounted.</u>	[CTHS] (JPN) (CAN) (SG) (PHI) (MAL) [CTSH (CH) (MEX)] [CTH, or change from split headings 85.41 (g) (US) (AUS) (HK)(KOR)] [CTH ; or 45 % value added rule (EC)]	<u>Subsidiary Rule:</u> The country of origin will be the country of diffusion (US)
ex-85.41 (c) (8541.60)	- Mounted piezo-electric crystals	[CTSH] (CH) (CAN) (MEX) (KOR) (JPN) (SG) (PHI) [CTH (AUS)] [CTH; or change from split heading 85.41(g) (US)] [CTH ; or 45 % value added rule (EC)]	
ex-85.41 (d)	- <u>mounted goods consisting of more than two items of this heading</u>	[CTHS (JPN)] [CTSH] (CH) (CAN) (MEX) (KOR) (SG) (PHI) (MAL)	
		[CTH (AUS)] [CTH; or change from split heading 85.41(g) (US)] [CTH ; or 45 % value added rule (EC)]	
ex-85.41 (e)	- <u>Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light emitting diodes; mounted piezo-electric crystals, programmed</u>	[CTHS (SG) (PHI) (AUS)] [CTSH] (CH) (CAN) (MEX) (KOR) (JPN) (MAL) [CTH (US)] [CTH ; or 45 % value added rule (EC)]	

ex-85.41 (f)	- <u>Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light emitting diodes; mounted piezo-electric crystals, tested</u>	[CTHS (SG) (MAL)] [CTSH] (CH) (CAN) (MEX) (KOR) (JPN) (PHI) [CTH (US) (AUS)] [CTH (US) (AUS)] [CTH; or 45 % value added rule (EC)]	
ex-8541 (g) (8541.90)	- Parts	[CTH (JPN) (CH) (COL) (CAN) (MEX) (US) (EGY) (KOR) (AUS)] [CTH ; or 45 % value added rule (EC)]	
ex-85.41 (h) (ex-8541.40)	- <u>Flame sensor</u>	[CTHS (CH) (MAL)] [CTSH] (CAN) (MEX) (KOR) (JPN) (SG) (PHI) [CTH (US) (AUS)]	
		[CTH ; or 45 % value added rule (EC)]	
85.42	Electronic integrated circuits and microassemblies.	<i>Proposals as specified for split heading or for subheadings</i>	
ex-85.42 (a)	-- <u>Electronic integrated circuits and microassemblies, unmounted, unprogrammed</u>	[CTSH] (JPN) (CH) (SG) (MEX) (PHI) [CTH (CAN)] <u>[for electronic integrated circuits:</u> The operation of diffusion (where integrated circuits are formed on a semi-conductor substrate by the selective introduction of an appropriate dopant) (EC) <u>for other:</u> CTH; or 45 % value added rule (EC)]	
		[CTH; or change from split heading 85.42 (f) (US) (AUS) (HK) (KOR)]	<u>Subsidiary Rules:</u> <u>for goods of 8542.12:</u> The country of origin will be the country of origin of the chips or dice therein (US) <u>FOR GOODS OF SUBHEADINGS 8542.13 - 8542.40:</u> THE COUNTRY OF ORIGIN WILL BE THE COUNTRY OF DIFFUSION (US)

ex-85.42 (b)	-- <u>Electronic integrated circuits and microassemblies, unmounted, programmed</u>	[CTHS (CAN) (CH) (SG) (PHI) (AUS)] [for electronic integrated circuits: The operation of diffusion (where integrated circuits are formed on a semi-conductor substrate by the selective introduction of an appropriate dopant) (EC) for other: CTH; or 45 % value added rule (EC)]	
			<u>Subsidiary Rules:</u> <u>for goods of 8542.12:</u> The country of origin will be the country of origin of the chips or dice therein (US) <u>for goods of subheadings 8542.13 - 8542.40:</u> The country of origin will be the country of diffusion (US)
ex-85.42 (c)	-- <u>Electronic integrated circuits and microassemblies, mounted, unprogrammed</u>	[CTHS] (JPN) (SG) (PHI) (CAN) (MAL) [CTHS, except from ex-85.42 (d) (CAN)] [CTH; or change from split heading ex 85.42(f) (US) (AUS) (KOR)]	<u>Subsidiary Rules:</u> <u>for goods of 8542.12:</u> The country of origin will be the country of origin of the chips or dice therein (US) <u>for goods of subheadings 8542.13 - 8542.40:</u> The country of origin will be the country of diffusion (US)
		for electronic integrated circuits: The operation of diffusion (where integrated circuits are formed on a semi-conductor substrate by the selective introduction of an appropriate dopant) (EC) for other: CTH; or 45 % value added rule (EC)]	

ex-85.42 (d)	-- <u>Electronic integrated circuits and microassemblies, mounted, programmed</u>	[CTHS (CAN) (CH) (SG) (PHI) (AUS)] [for electronic integrated circuits: The operation of diffusion (where integrated circuits are formed on a semi-conductor substrate by the selective introduction of an appropriate dopant) (EC) for other: CTH; or 45 % value added rule (EC)]	
			<u>Subsidiary Rules:</u> <u>for goods of 8542.12:</u> The country of origin will be the country of origin of the chips or dice therein (US) <u>for goods of subheadings 8542.13 - 8542.40:</u> The country of origin will be the country of diffusion (US)
ex-85.42 (e)	-- <u>Electronic integrated circuits and microassemblies, tested</u>	[CTHS (SG) (MOR) (MAL)] [for electronic integrated circuits: The operation of diffusion (where integrated circuits are formed on a semi-conductor substrate by the selective introduction of an appropriate dopant) (EC) for other: CTH; or 45 % value added rule (EC)]	
			<u>Subsidiary Rules:</u> <u>for goods of 8542.12:</u> The country of origin will be the country of origin of the chips or dice therein (US) <u>for goods of subheadings 8542.13 - 8542.40:</u> The country of origin will be the country of diffusion (US)
<u>ex-85.42 (f)</u> (8542.90)	- Parts	[CTH (JPN) (CH) (COL) (CAN) (MEX) (US) (EGY) (KOR) (AUS)] [CTH ; or 45 % value added rule (EC)]	

ISSUE No.65:

**PROGRAMMING DIODES, TRANSISTORS, SIMILAR SEMICONDUCTOR DEVICES
AND OTHER GOODS OF HEADING 85.41**

OPTION A: Yes. (by a process rule expressed by a change of classification) (SG) (PHI) (AUS)

40. Programming changes a piece of plastic or metal into an electronic device which functions as prescribed. Programming is one of the core portions of the production processes.

41. The rule should be:

CTHS

OPTION B: Yes, provided (by a value added rule) (EC)

42. If the increase in value resulting from the assembly together with programming and other accepted operations satisfies the criterion of 45% value added, the programmed goods are considered substantially transformed. If the programmed goods are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

43. The rule should be:

CTH; or 45% value added rule

44. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION C: No

Option C/1: (CAN) (CH) (MEX) (KOR) (JPN) (MAL)

45. For diodes, transistors, similar semiconductor devices and other goods of heading 85.41 programming alone is not a substantial transformation. The programmed diodes, transistors, similar semiconductor devices and other goods of heading 85.41 are considered substantially transformed when these good are assembled directly from parts.

46. The rule should be:

CTSH

47. When the CTSH rule is not met, origin is determined by application of a [general] [final] residual rule.

Option C/2: (US)

48. For diodes, transistors, similar semiconductor devices and other goods of heading 85.41 programming alone is not a substantial transformation. The programmed diodes, transistors, similar semiconductor devices and other goods of heading 85.41 are considered substantially transformed when these goods are manufactured from raw materials classified other than heading 85.41.

49. The rule should be:

CTH

50. When the CTH rule is not met, a subsidiary rule applies. The subsidiary rule should be:

“The country of origin will be the country of diffusion”

RELEVANT HS CODES : ex 85.41(e)

ISSUE No.65/1:

PROGRAMMING UNMOUNTED OR MOUNTED ELECTRONIC INTEGRATED CIRCUITS AND MICROASSEMBLIES (E.G., ERASABLE PROGRAMMABLE READ ONLY MEMORY (EPROM) FOR FIRE DETECTION OR INTRUSION ALARM SYSTEMS OF 8531.90) OF HEADING 85.42

OPTION A: Yes. (by a process rule expressed by a change of classification) (SG) (PHI) (AUS) (CAN) (CH)

51. Programming changes a piece of plastic or metal into an electronic device which functions as prescribed. Programming is one of the core portions of the production processes. The EPROM, for example, is a programmed unmounted electronic integrated circuit and the masterpiece of the fire detection or intrusion alarm systems of subheading 8531.90. The EPROM is normally exported separately because it is programmed specifically for each client and each importing country according to the national specifications for the fire detection or intrusion systems.

52. The rule should be:

CTHS

OPTION B: Yes, provided (by a value added rule) (EC)

53. If the increase in value resulting from the assembly together with programming and other accepted operations satisfies the criterion of 45% value added, the programmed goods are considered substantially transformed. If the programmed goods are manufactured from non-originating materials classified outside this heading, this is also an origin conferring event regardless of the value added achieved.

54. The rule should be:

CTH; or 45% value added rule for microassemblies of ex 85.42(d) only

55. If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.

OPTION C: No

Option C/1: (JPN)

56. For electronic circuits and micro-assemblies of heading 85.42 programming alone is not a substantial transformation. The country of origin of the goods is the country of origin of the unprogrammed unmounted or mounted article of split heading ex 85.42(a) or ex 85.42(c).

57. This option does not accept split headings ex 85.42(b), ex 85.42(d) and ex 85.42(e), thus no proposal is presented.

Option C/2: (US)

58. For electronic circuits and micro-assemblies of heading 85.42 programming alone is not a substantial transformation.

59. To determine the origin of the goods, a subsidiary rule applies. The subsidiary rule should be:

“The country of origin will be the country of origin of the chips or dice therein.” for “smart” cards (8542.12);

“The country of origin will be the country of diffusion” for other electronic integrated circuits of 85.42;

Option C/3: (EC - electronic integrated circuits only)

60. For electronic integrated circuits of ex 85.42(b) or ex 85.42(d), after the diffusion no process confers origin on the electronic integrated circuits.

61. The rule should be:

for electronic integrated circuits: “The operation of diffusion (where integrated circuits are formed on a semi-conductor substrate by the selective introduction of an appropriate dopant)”

RELEVANT HS CODES: ex 85.42(b), ex 85.42(d)

PART 4: REORGANISED CHAPTER RULES AND NOTES

Chapters 84 to 90

[Chapter Notes][Chapter Rules][Legal Notes]:

For the purposes of this chapter:

[1. Limitations on change of classification rules: (US)]

[[Notwithstanding the product specific rules in the matrix,] where a change of classification (i.e., change of heading, subheading, split heading or split subheading) results from one of the following circumstances, origin shall be determined as indicated: (US)]

[Where satisfaction of the rules of this Appendix results solely from the following circumstances, origin shall be determined as indicated [herein] [in Appendix]. (Alternative US Text)]

A. Disassembly

Disassembly operations, including those which result in a change of tariff classification, shall not be considered origin conferring. (Basket 1)

[(1) A change of classification which results from the disassembly of the good that can perform its original purpose shall not be considered as the change required by the rule set forth in the matrix. The parts recovered from the good shall retain the country of origin of the good prior to disassembly. (US) **(Issues Nos.11 and 12)**

[(2) A change of classification which results from the disassembly of the good that cannot perform its original purpose without being restored or repaired shall not be considered as the change required by the rule set forth in the matrix. The country of origin of the recovered parts shall be (one among the following options (US):] **(Issues Nos.11 and 12)**

[(a) the country where the parts are recovered;] (SEN)

[(b) the country of origin of the good from which the parts are recovered;] (CAN)

[(c) the initial country of origin of the parts.] (IND)

[Reassembly of disassembled parts: **(Issue No.13)**

A good reassembled from disassembled parts shall have origin in the country where the good satisfy the rule set forth in the matrix. If the country of origin is not determined by the rule set forth in the matrix, [Note][Rule] [*a [general] [final] residual rule*] 2 shall apply. (CH)]

B. Packaging or repackaging **(Issue No.6)**

[Where a change in classification results from packaging or repackaging the origin of the good shall be the origin prior to such packaging or repackaging. (US) (AUS) (SEN)]

C. Application of HS GIR 2(a) - Collection of parts into kits **(Issues Nos.4 and 5)**

[Where a change in classification results from the application of HS General Interpretative Rule 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading the individual parts shall retain their origin prior to such collection. (For goods assembled from collections of parts, Note 2.C shall apply.) (US) (AUS)]

[A change of classification which results from the application of Rule 2(a) of the General Rules for the Interpretation of the HS (GIR 2(a)), with respect to a collection of parts, shall not be considered as the change required by the rule set forth in the matrix. (Sec)]

[A good assembled from a collection of parts that are classified by virtue of the application of GIR 2(a) in the same heading or subheading as the good shall have origin in the country where, subject to paragraph *[next]*, the relevant rule or note set out in the Appendix is satisfied.

The change of classification that may be required by the relevant rule in the matrices is considered to have taken place in the country in which the good is assembled from the collection of parts.] (JPN) (CAN) (HK) (CH)

D. Functional units **(Issue No.7)**

[Where a change in classification results from the application of note 4 to Section XVI of the HS to separately packaged goods presented together in a single shipment the separately packaged goods shall retain their origin prior to such presentation. (US) (JPN) (AUS)]

E. Change of use **(Issue No.9)**

[A change of classification which results from the change of use of the good shall not be considered as the change required by the rule set forth in the matrix. (SEN)]

F. Recertification or retesting of articles **(Issue No.10)**

[A change of classification which results from the recertification or retesting of the good shall not be considered as the change required by the rule set forth in the matrix. (Sec)]

G. Degradation of goods by ageing or consumption or any other reason **(Issue No.8)**

[[Unless otherwise provided] a change of classification which results from degradation of the good by ageing or consumption or any other reason shall not be considered as the change required by the rule set forth in the matrix. (SEN)]

[Origin Conferring Primary Rules (Sec)]: (SG) (IND) **(Issue No.1)**

[A. Goods of this chapter that are not wholly the product of one country shall be deemed to originate in the last country where one of the following occurs:

- a) Non-originating materials undergo a change of classification from any other sub-heading, including a sub-heading of the same heading (CTSH); or from any other heading (CTH) as indicated in the specific headings or subheadings; or
- b) Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation; or
- c) Process (such as mounting of integrated circuits) as defined for the specific headings or subheadings which result in new characteristics or use in the finished product. (SG)]

[B. An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation. (IND) (MOR) (SEN for Chapters 84 to 86 only)]

[C. For the purposes of Chapter 87 the following goods, when assembled and finished, shall originate in the country where assembly and finishing results in a change of subheading:

- (a) Bumpers;
- (b) Air bag systems (including inflators and modules);
- (c) Body assemblies ;
- (d) Brakes and servo-brakes;
- (e) Gear boxes and similar gear assemblies;
- (f) Axles, whether or not provided with other transmission components;
- (g) Wheels;
- (h) Suspension shock-absorbers;
- (ij) Vehicle suspension assemblies;
- (k) Radiators;
- (l) Silencers and exhaust pipes;

- (m) Clutches;
- (n) Steering wheels, steering columns and steering boxes;
- (o) Handle bar assemblies; and
- (p) Chassis or frame assemblies. (US)]

2-2. /Additional and residual (US)] /Origin Conferring Primary (Sec)] rules:

[When neither the product specific rules provided in the matrix nor legal note 1 above are determinant of origin, the following shall apply: (US)]

[A. Goods produced from forged or cast blanks (US) (CH) (AUS) (**Issue No.2**)

Where goods are produced from forged or cast blanks which had the essential character of the complete or finished goods and were classifiable, by application of HS General Interpretative Rule 2(a), in the same heading or subheading as the complete or finished goods:

- (1) Provided the following criteria are met, the country of origin of the goods shall be the country in which the blank was finished: (US) (CH) (AUS)
 - (a) In its imported prefinished condition, the blank was not capable of functioning for its ultimate use and was not advanced beyond cleaning or working to remove flash, sprues, burrs or similar excess material, [and (US)] (AUS)
 - (b) In the country in which the goods were finished: (US) (CH)
 - (i) The blank was configured to final shape by the removal of material (other than merely by honing or polishing or both), or by bending, hammering, pressing, stamping or similar forming process; and (US) (CH)
 - (ii) The blank underwent one or more of the following processes:
 - 1. [Hardening to a minimum hardness of 38 degrees Rockwell C [or Vickers H-V-3-70] or equivalent standard of hardness; (US)] [Heat treatment or thermochemical treatment, such as glowing, tempering, hardening; (CH)] or
 - 2. Assembly with five or more parts (other than parts of general use as defined in [Note 2 to Section XV or similar parts of plastic (Chapter 39) (US)] [Note 1(g) to Section XVI of the HS (CH)]); or (US) (CH)
 - 3. Surface treatment, such as coating, compressing, condensing, impregnating or insulating; (CH)
- (2) If the criteria of subparagraph (a) above are not satisfied, the country of origin of the goods shall be the country of origin of the blank. (US) (CH) (AUS)]

[B. Finished goods or parts produced from unfinished goods or parts, other than blanks: (CH) (**Issue No.3**)

Whenever the change of classification rules set out for goods of chapters 84 to 90 and 93 are not determinant of the country of origin of the good, the following substantial transformation rules are to be applied:

(a) A finished good or part produced from a non-originating unfinished good or part classified in the same heading or subheading as the finished good or part shall originate in the country in which the good or part was finished, provided:

(i) the unfinished good or part is not functioning for its ultimate use in its imported condition and has undergone at least two or more of the following processes:

assembly by built-up such as but not limited to welding, soldering, shrinking, bolting, glueing, fitting, fixing, spooling, winding, connecting, wiring, coupling; or

heat treatment or thermochemical treatment such as glowing, tempering, hardening; or

treatment for the purpose of shaping, forming such as cold or warm forming; or

mechanical treatment, refining of form-, positional- and surface tolerances of functional finished shapes such as turning, milling, drilling, broaching, grinding, polishing, honing, eroding; or

surface treatment such as coating, compressing, condensing, impregnating (excluding temporary conservation for transport and/or storage purpose), insulating; or

system engineering, software-development and application;

and

(ii) The finished good or part has undergone final testing such as but not limited to balancing, spinning, voltage testing, performance- or isolation test.

(b) A finished good or part, produced from a non-originating good or part, classified in the same subdivision as the finished good or part which do not satisfy the conditions mentioned in Rule 2.B(a) above shall originate in the country contributing most to the product in terms of total value of parts (including an unfinished good) and related processing activities.” (CH)]

[C. /Other (US)/ /Chapter Residual Rules (Sec): (**Issue No.1**)

Where neither the product specific rules in the matrix nor the preceding legal notes are determinant of origin, the following shall apply: (US) (CH) (AUS) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)

(1) Goods produced by assembly of 5 or more parts (other than parts of general use, as defined in [Note 2 to Section XV or similar parts of plastic (Chapter 39) (US)] [note 1(g) to Section XVI of the HS (AUS)]) shall have origin in the country of assembly, or (US) (AUS) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)

(2) Goods produced as a result of processing non-originating components into a device or apparatus capable of performing one or more new mechanical or electrical functions shall have origin in the country of such processing, or (US) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)

(3) /Residual rule/.— Goods produced by the assembly of less than 5 parts (other than parts of general use, as defined in Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39)), and one or more of whose parts (other than parts of general use, as defined in [Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39) (US)] [note 1(g) to Section XVI of the HS (AUS)]) satisfies the requirements for origin in the country of assembly, shall have origin in the country of assembly. (US) (AUS) (TUR for ex 8471.60(a) for split subheadings (A) and (B) only)

(4) *[For the purposes of Paragraph 2.C above (Sec)]* the following shall not be considered origin conferring operations:

(i) the attachment of machinery to a base; (US) (CH) (JPN) (AUS)

(ii) the [installation (US)] [attachment (JPN)] of machinery or apparatus into cabinets or similar encasements; (US) (CH) (JPN) (AUS)

(iii) the attachment of parts of general use (as defined in [Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39) (US)] [note 1(g) to Section XVI of the HS (CH) (JPN) (AUS)]); (US) (CH) (JPN) (AUS)

(iv) the attachment of handles, dials, knobs, hand cranks, and other consumer-operated controls; (US) (CH) (JPN) (AUS)

the attachment of a power cord, [change of mains voltage/frequency by adding transformer, adapter or converter (TUR)] (US) (CH) (AUS)

(vi) installation of batteries, accumulators, [sensors, thermostats (TUR)] or [other (US)] [similar (JPN)] articles not designed to [or supplied (deletion proposed by US)] become a permanent part of the good; (US) (CH) (JPN) (AUS)

(vii) the attachment of accessories or parts (including printed circuits with components assembled thereon), which serve only to enhance the operation of the machine or device; (US) (AUS)

(viii) presetting, adding, changing parameters and settings of a programme in a machine, equipment or electronic equipment; (TUR)

(ix) Adding manuals, warranty cards, conformance certificates to standards with or without test, adding brand, name and/or model labels or relabeling; (TUR)

(x) Loading new software, version or different user language; (TUR)]

[3. Product specific residual rules (US) (**Issue No.77 – OC0023E2**)

Chapter 87

When application of the primary rules of this Chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

1. The country of origin of safety seat belts of heading 87.08 that were assembled from narrow woven fabrics of heading 58.06 is the country where the fabrics were formed, or in the case of such a good containing textile fabrics of more than one country, the origin of the good is the country in which the textile fabric that predominates by weight was formed.

Chapter 88

When application of the primary rules of this Chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

1. The country of origin of a parts of and accessories to parachutes (including dirigible parachutes and paragliders) and rotochutes of heading 88.04 is the country where the fabrics were formed, or in the case of such a good containing textile fabrics of more than one country, the origin of such good is the country in which the textile fabric that predominates by weight was formed.]

4. Criteria to apply the residual rules of Appendix 2, Rule 2 (**Architecture, Issue No.1**)

The criteria to apply the residual rules of Appendix 2, Rule 2 for Chapters 84 to 90 are:

- a) value (EC);
- b) number of units or components (US);
- c) essential characters (CAN);
- d) essential characters for Chapters 84 and 85; weight for Chapters 86 to 90 (JPN);
- e) total value of parts (including unfinished goods) and the related processing activities (CH).

5. Definitions (**Issue No.2**)

- a) *[The term “blank” means an article, not ready for direct use, having the approximate shape or outline of the finished article or part, and which can only be used, other than in exceptional cases, for completion into the finished article or part (e.g., bottle preforms of plastics being intermediate products having tubular shape, with one closed end and one open end threaded to secure a screw type closure, the portion below the threaded end being intended to be expanded to a desired size and shape.) (Sec)*

6. Method of calculating the ad valorem percentage prescribed in Origin Criteria: (EC) (**Issue No.1**)

For the purposes of calculating the percentage of the value added requested:

- a) The term “ex works price” shall mean the price paid for the product obtained to the manufacturer in whose undertaking the last working or processing is carried out. The ex-works price shall include the value of all materials used in manufacture and all costs (material costs as well as other costs) effectively incurred by the manufacturer. Internal taxes which are, or may be, repaid when such product is exported or commercial price reductions shall not be taken into account.

The terms “value acquired as a result of working and processing” and “incorporation of parts originating in the country of manufacture” shall mean the increase in value resulting from the assembly itself, together with any preparatory, finishing and checking operations, and from the incorporation of any parts originating in the country where the operations were carried out, including profit and general costs borne in that country as a result of these operations.

II. TECHNICAL MODIFICATIONS NOTED BY THE TCRO

62. Renumbering the issues as follows:

Old	New	Old	New	Old	New	Old	New	Old	New
1	1	19	-	37	31	55	51	72	70
2	2	20	14	38	32	56	52	73	71
3	3	21	15	39	33	57	53	74	72
4	4	22	16	40	34	58	54	75	73
5	5	23	17	41	35	59	55	76	74
6	6	24	18	42	36	60	56	77	75
7	7	25	19	43	37	61	57	78	76
8	8	26	20	44	38	62	58	79	77
9	9	27	21	45	40	63	59	80	78
10	10	28	22	46	41	64	60	81	79
11	11	29	23	47	42	65	61	82	80
12	12	30	24	48	43	65/1	62	83	81
13	[13]	31	25	49	44	66	63	84	82
14	39	32	26	50	45	67	65	85	83
15	49	33	27	51	46	68	66	86	84
16	64	34	28	52	47	69	67	87	85
17	-	35	29	53	48	70	68	88	86
18	-	36	30	54	50	71	69		

63. Delete Para.1 (NOTE) under Table of Contents.

64. Re. Issue No.1

1) “simple assembly” to read “non-origin-conferring assembly” (applicable, *mutatis mutandis*, to the whole document)

Example:

“A/1 Tariff shift rules and [general] [final] residual rules

A/1/a without negative standards for a non-origin-conferring assembly - (COL) (CAN) (MEX) (PHI) (HK)

A/1/b with negative standards for a non-origin-conferring assembly – (JPN) (CH)” (Para.7)

2) BRA’s new value added rules (applicable, *mutatis mutandis*, to the whole document)

Example:

“B/2Product specific approach (60% for all goods of Chapters 84 and 86; 60% for some goods of Chapter 85; 60% of some goods of Chapter 87; 45%, 51% or 60% for some goods of Chapter 90) – (BRA)” (Para.7)

“B/2 Product specific approach (all goods of Chapters 84 and 86; Some goods of Chapters 85, 87 and 90) (BRA)

a) the increase in value acquired as a result of working and processing and, if applicable, the incorporation of parts originating in the country of manufacture represents at least the specified percentage of the product is carried out;

b) The figures of ad valorem percentages required are as follows: for goods of Chapters 84 and 86, of headings 85.01, 85.03, 85.38, 87.01 to 87.06, 90.08 and 90.09, and of subheadings 8504.21, 8504.22, 8504.23, 8504.33, 8504.34, 8504.40, 8504.90, 8532.10, 8532.29, 8536.10, 8536.20, 8536.49, 8537.10 and 8537.20 at least 60 percent; for goods of headings 90.06 and 90.10 at least 51 percent; and for goods of headings 90.18 to 90.22 at least 45 percent ;

c) for Chapter 85 additional specific requirements are set forth for each heading or subheading to which the value added rule is proposed, thus the value added and the specific requirements should be satisfied;

d) however, for goods of Chapters 88 and 89 and for goods which are not covered by the value added rule in Chapters 85, 87 and 90, a change of tariff classification rule is applicable;

e) if neither the required value added nor the change of tariff classification rule is satisfied a [general] [final] residual rule is applied;” (Para.12)

“Option B/2: (BRA)

For goods of Chapters 84 and 86, for goods of headings 85.01, 85.03 and 85.38, and of subheadings 8504.21, 8504.22, 8504.23, 8504.33, 8504.34, 8504.40, 8504.90, 8532.10, 8532.29, 8536.10, 8536.20, 8536.49, 8537.10 and 8537.20, for goods of headings 87.01 to 87.06, and for goods of headings 90.06 and 90.10, the value added approach is most suitable to address a substantial transformation. The figures of ad valorem percentages vary from a good to another; 45% and 51% for some goods of Chapter 90, 60% for goods of Chapters 84 and 86, and some goods of Chapters 85, 87 and 90.

For these goods a change of classification rule does not appropriately address a substantial transformation. However, for other goods a change of tariff classification properly addresses a substantial transformation.” (Para.41)

3) TUR’s correction

B/3 Product specific approach (Some goods of Chapter 85 only) (TUR)

b) however, for Chapters 84, 86 to 90, a change of tariff classification rule is applicable;

c) to prevent simple assembly from conferring origin on goods of these Chapters, the following 5 processes or operations are identified as the negative standards:

4) Delete “and an issue of sets (Nos.14 to 16)” (Para.6, 4th to 5th line).

Delete CH from Para.11 (vii).

Delete (viii) from Para.11.

5) MOR’s correction

Delete Option A/2/c from Options A/2, MOR to join Option A/2/b; and Option A/2/d to read Option A/2/c (Paras.7, 9 and 10);

Delete Para.25 (Option A/2/c approach (MOR)); the beginning of Para.24 to read “ The A/2/b approach (IND) (MOR)”; and the beginning of Para.26 (new para.24) to read “The A/2/c approach (US)”;

65. Re. Issue No.2

OPTION B title to read: Yes, provided (by the value added rule) (EC) (BRA – all goods of Chapters 84 and 86; Some goods of Chapters 85, 87 and 90) (TUR – some goods of Chapter 85) (AUS – goods of Chapter 87) (EGY – 85.28)

Para.6 to read as follows: “When a blank is finished in one country, provided that the required value added (40% (EGY), 45% (EC, BRA, TUR, AUS), 51% (BRA) or 60% (EC, BRA, AUS)) is achieved in that country as a result of working and processing and, if applicable, the incorporation of parts originating in that country, origin should be conferred on that article.”

Para.7, BRA’s proposal to read as follows: “the increase in value acquired as a result of working and processing and, if applicable, the incorporation of parts originating in the country of manufacture represents at least 60% for all goods of Chapters 84 and 86; 60% for some goods of Chapter 85; 60% of some goods of Chapter 87; 45%, 51% or 60% for some goods of Chapter 90” (BRA)

66. Re. Issue No.3 (applicable, *mutatis mutandis*, to the whole document)

See the reorganised Chapter Notes/Rules for CH’s new text.

The term “ant” to read “any” (2nd line of Para.44)

Option A/4 title, “(BRA – some goods of Chapter 87)” to read “(BRA – goods of Chapters 84 and 86; some goods of Chapters 85, 87 and 90)”.

“when an incomplete or unfinished article is completed or finished in one country, provided that the required value added (40% (EGY), 45% (EC, BRA, TUR, AUS), 51% (BRA) or 60% (EC, BRA, AUS)) is achieved in that country as a result of working and processing and, if applicable, the incorporation of parts originating in that country, origin should be conferred on that article.” (Para.55)

“the increase in value acquired as a result of working and processing and, if applicable, the incorporation of parts originating in the country of manufacture represents at least 60% for all goods of Chapters 84 and 86; 60% for some goods of Chapter 85; 60% of some goods of Chapter 87; 45%, 51% or 60% for some goods of Chapter 90” (BRA) (Para.56)

SEN to join Option A/4, EGY’s proposal (40% value added) (Para.56)

Delete the 3rd definition proposed by MOR; and MOR to join IND’s position. (Para.53)

67. Re. Issue No.4

SEN to join Option A

68. Re. Issue No.5 (applicable, *mutatis mutandis*, to the whole document)

Paras.70 and 71 to read as follows:

“Option A/2: (MOR)

Any assembly resulting in a new good having new characteristics is considered to be substantial transformation.

The Chapter rule should be:

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.””

SEN to join Option B/1. JPN, CAN, HK, CH to join Option B/3. Option B/1 title for BRA to read the same text as Issue No.3, Option A/4. BRA’s value added rule to read the same text as Para.56 (Para.73)

69. Re. Issue No.6

SEN to join Option B

70. Re. Issue No.7

Option B/2 title to read “Option B/2: (EC) (BRA) (TUR – some goods in Chapter 85) (EGY – 85.28 only)”. BRA’s value added rule to read the same text as Para.56 (Para.98)

71. Re. Issue No.8

SEN to join Option B

72. Re. Issue No.9

SEN to join Option B

73. Re. Issue No.11

SEN to join Option A; CAN joined Option B; IND joined Option C; EC joined Option D.

74. Re. Issue No.14 (new Issue No.39)

SEN to join Option C

Add Option F as follows:

“OPTION F: Yes, provided (BRA)

Any material may be used regardless of its classification, provided the criterion of 60% value added rule is satisfied.

The rule should be:

60% value added rule”

75. Re. Issues Nos.15 and 16

MOR, SEN joined Option A/2. Delete Option A/3.

MAL joined Option B.

76. Re. Issue No.20

MOR, SEN to join A/2; and delete Option A/3 (Paras.179, 180)

The last sentence of Para.174 was deleted. Reference to “ex 8443.90(b) (US)” was deleted (Para.184, 1st diamond). “Option C”, “Option C/1” and “Option C/2” to read “Option D” , “Option D/1” and “Option D/2”, and add new Option C as follows:

“OPTION C: Yes, provided (by a value added rule) (BRA)

Any material may be used regardless of its classification, provided the criterion of 60% value added rule is satisfied.

The rule should be:

60% value added rule

If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.”

77.. Re. Issue No.21

MOR, SEN to join A/2; and delete Option A/3 (Paras.192, 193)

Subsidiary rule to read: “The country of origin shall be the country of origin of the compressors.” (Para.198) “Option C”, “Option C/1”, “Option C/1/a”, “Option C/1/b” and “Option C/2” to read “Option D”, “Option D/1” “Option D/1/a”, “Option D/1/b” and “Option D/2”, and add new Option C as follows:

“OPTION C: Yes, provided (by a value added rule) (BRA)

Any material may be used regardless of its classification, provided the criterion of 60% value added rule is satisfied.

The rule should be:

60% value added rule”

If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.”

78.. Re. Issue No.22

MOR, SEN to join A/2; and delete Option A/3 (Paras.207, 208)

“Option C” to read “Option D”, and add the same text of Option C for Issue No.21.

79. Re. Issue No.23

MOR, SEN to join A/2; and delete Option A/3 (Paras.221, 222)

Under the Option C title insert “Option C/1: (EC)”, and add Option C/2 as follows:

“Option C/2: (BRA)

Machining centres or unit construction machines may be used as starting materials, provided the 60% value added requirement is met.

The rule should be:

60 % value added rule

For both Options C/1 and C/2, if the required value added is not achieved origin is determined by application of a [general] [final] residual rule.”

80. Re. Issue No.24

MOR, SEN to join A/2; and delete Option A/3 (Paras.235, 236)

Under the Option C title insert “Option C/1: (EC)”, and add Option C/2 as follows:

“Option C/2: (BRA)

Non-numerically controlled machine-tools can be used as one of the components of the numerically controlled machine-tools, provided the 60 % value added requirement is satisfied.

The rule should be:

60 % value added rule

For both Options C/1 and C/2, if the required value added is not achieved origin is determined by application of a [general] [final] residual rule.”

89. Re. Issue No.25

MOR, SEN to join A/2; and delete Option A/3 (Paras.251, 252)

In para.256, delete “45” and insert “specified”. Para.257 to read as follows:

- “a) 45% value added rule (EC)
- b) 60% value added rule (BRA)”

92. Re. Issues Nos.26 to 39

MOR, SEN to join A/2; and delete Option A/3 (Paras.270, 271, 286, 287, 302, 303, 318, 319, 334, 335, 348, 349, 363, 364, 378, 379, 392, 393, 407, 408, 422, 423, 437, 438, 451, 452, 465, 466,)

In paras.274, 291, 306, 323, 338, 353, 367, 382, 396, 411, 426, 441, 455, 469 delete “criterion of 45% value added” and insert “the specified value added rule”. Paras.257, 292, 307, 324, 339, 354, 368, 383, 397, 412, 427, 442, 456, 470 the text to read as follows:

“The rule should be:

- a) 45% value added rule (EC)
- b) 60% value added rule (BRA)”

90. Re. Issue No.26

“Option A/4; (TH)” to read “Option A/3: (TH)”.

91. Re. Issue No.29

TUR joined Option D/1.

92. Re. Issue No.38

US changed its position from Option B to Option D/2; CAN, COL and MEX are now Option D/1. Option D/2 to read:

“When the CTH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.”

93. Re. Issue No.39

HK and KOR joined Option B.

94. Re. Issues Nos.40 and 41

MOR, SEN to join A/2; and delete Option A/3 (Paras.480, 481, 497, 498)

Under the Option C title insert “Option C/1: (EC)”, and add Option C/2 as follows:

“Option C/2: (BRA)

Any non-originating material may be used regardless of its classification, provided the criterion of 60% value added is satisfied.

The rule should be:

60 % value added rule

For both Options C/1 and C/2, if the required value added is not achieved origin is determined by application of a [general] [final] residual rule.”

95. Re. Issue No.41

Delete Para.506.

Delete “[or ex 8482.99(c) (JPN)]”. (Para.507)

Option D was subdivided into 2. KOR, JPN, TUR, US and AUS were placed in Option D/1. New Option D/2 to read:

“Option D/2:

The rule should be:

CTSH, except from inner or outer races or rings of subheading 8482.99 or CTSH from inner or outer races or rings of subheading 8482.99 with supplementary criteria (CAN)

When the inner or outer races or rings of subheading 8482.99 are used without satisfying the supplementary criteria, origin is determined by application of a [general] [final] residual rule. (CAN)”

96. Re. Issue No.42

In para.513 delete “criterion of 45% value added” and insert “the specified value added rule”.

Para.514 the text to read as follows:

“The rule should be:

- a) CTH; or 45% value added rule (EC)
- b) 60% value added rule (BRA)”

103. Re. Issue No.43

MOR, SEN to join A/2; and delete Option A/3 (Paras.523, 524)

Under the Option C title insert “Option C/1: (EC)”, and add Option C/2 as follows:

“Option C/2: (BRA)

Any non-originating material may be used regardless of its classification, provided the criterion of 60% value added is satisfied.

The rule should be:

60 % value added rule

For both Options C/1 and C/2, if the required value added is not achieved origin is determined by application of a [general] [final] residual rule.”

97. Re. Issue No.44

MOR, SEN to join A/2; and delete Option A/3 (Paras.538, 539)

“Option C” to read “Option D”, and add new Option C as follows:

“OPTION C: Yes, provided (by a value added rule) (BRA)

Any material may be used regardless of its classification, provided the criterion of 60% value added rule is satisfied.

The rule should be:

60% value added rule”

If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.”

98. Re. Issues Nos.45 to 48

MOR, SEN to join A/2; and delete Option A/3 (Paras.549, 550, 564, 565, 578, 579, 594, 595)

MAL joined Option B.

Delete TUR from Option C for Issue No.48.

99. Re. Issue No.45

Under the Option C title insert “Option C/1: (EC)”, and add Option C/2 as follows:

“Option C/2: (BRA)

Any non-originating material may be used regardless of its classification, provided the criterion of 60% value added and the additional specific requirement is satisfied.

The rule should be:

60 % value added rule; and

Rotor and stator should be manufactured in the country of manufacture of the product

For both Options C/1 and C/2, if the required value added is not achieved origin is determined by application of a [general] [final] residual rule.”

100. Re. Issue No.49

MOR, SEN to join A/2; and delete Option A/3 (Paras.608, 609)

MAL joined Option B.

101. Re. Issue No.50

MOR, SEN to join A/2; and delete Option A/3 (Paras.622, 623)

MAL joined Option D/2. KOR joined Option B.

102. Re. Issues Nos.51 and 52

MOR, SEN to join A/2; and delete Option A/3 (Paras.640, 641, 655, 656)

MAL joined Option B. KOR joined Option D for Issue No.52.

103. Re. Issue No.53

MOR, SEN to join A/2; and delete Option A/3 (Paras.672, 673)

MAL joined Option D/1 (CTSH for 8517.19, 8517.80, CTH for 8517.90, 8525.20, 8529.90).

Reference to “ex-8529.90(a)” to read “split (A) ex 8529.90(b)”.

104. Re. Issue No.54

MOR, SEN to join A/2; and delete Option A/3 (Paras.690, 691)

MAL joined Option E/1.

105. Re. Issue No.55

IND and MAL joined Option A.

106. Re. Issue No.56

MAL joined Option C.

107. Re. Issues Nos.57 and 58

MOR, SEN to join A/2; and delete Option A/3 (Paras.725, 726, 740, 741)

MAL joined Option D/1 (CTH). KOR changed its position from Option D, a) (CTH) to Option D, b) (CTSH, except from 2825.10/20) (Para.733) CH's non-blank Chapter Notes be adjusted following the Issue No.3. (Para.759)

108. Re. Issue No.59

Paras.754, 755 to read as follows:

Option A/2: (MOR)

“Any assembly resulting in a new good having new characteristics is considered to be substantial transformation. Assembly of finished or complete television receivers from incomplete television receivers not incorporating a display device; assembly of finished or complete video projectors from incomplete video projectors not incorporating an optical block including display device; or assembly of finished or complete video monitors from incomplete video monitors not incorporating display devices results in a new good having new characteristics.”

The Chapter rule should be:

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

HK joined Option E/1(i). MAL joined Option E/1(ii). “Option E/2/a: (US) ” to read “Option E/2/b: (US)”

109. Re. Issue No.60

MOR, SEN to join A/2; and delete Option A/3 (Paras.780, 781)

HK and MAL joined Option B (i). Delete HK's attribution to Option E.

110. Re. Issues Nos.61 and 62

MOR, SEN to join A/2; and delete Option A/3 (Paras.802, 803, 820, 821)

MAL joined Option D/1.

111. Re. Issue No.61

Add Option C/3 as follows:

“Option C/3: (BRA)

Any non-originating material may be used regardless of its classification, provided the criterion of 45% value added is satisfied.

The rule should be:

60% value added rule; and

for ex 8537.10(a) – with starting switches in thermoplastic and in metal boxes:

Overload relay, contactor and circuit breaker which come with the starting switches should be manufactured in the country of manufacture of the final good;

for ex 8537.10(b) – other:

The metal box should be manufactured in the country of manufacture of the final good;
for 8537.20:

The metal box should be manufactured in the country of manufacture of the final good.

If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.”

112. SUMMARY NOTES TO ISSUES NOS. 63 TO 67

Structure of split headings: 85.41 (semiconductor devices, etc.; mounted piezo-electric crystals)

HS Code	Goods	CTHS Rule Proponents	Issue No.
ex 85.41(a)	semiconductor devices, etc., unmounted	Value added rule (EC) Assembly from parts (others)	No.1
ex 85.41(b)	semiconductor devices, etc., mounted	JPN, CAN, SG, PHI, <u>MAL</u>	No.63
ex 85.41(c) (8541.60)	mounted piezo-electric crystals	Value added rule (EC) Manufacture from raw materials (US) (AUS) Assembly from parts (others)	No.1
ex 85.41(d)	mounted, more than 2 items of this heading	JPN	No.64
ex 85.41(e)	programmed	SG, PHI, AUS	No.65
ex 85.41(f)	tested	SG, <u>MOR</u> , <u>MAL</u>	No.66
ex 85.41(g) (8541.90)	parts	Value added rule (EC) Manufacture from raw materials (others)	No.1
ex 85.41(h) (ex8541.40)	Flame sensor	CH	No.67

Structure of split headings: 85.42 (IC and microassemblies)

HS Code	Goods	CTHS Rule Proponents	Issue No.
ex 85.42(a)	Unmounted, <u>unprogrammed</u>	Diffusion for IC; Value added for microassemblies (EC) Manufacture from raw materials (CAN) Assembly from parts (others)	No.1
ex 85.42(b)	<u>Unmounted, programmed</u>	<u>CAN, SG, PHI, AUS, CH</u>	No.65/1
ex 85.42(c)	Mounted, unprogrammed	JPN, SG, PHI	No.63
ex 85.42(d)	Mounted, programmed	CAN, SG, PHI, AUS, CH	No.65/1
ex 85.42(e)	tested	SG, <u>MOR</u> , <u>MAL</u>	No.66
ex 85.42(f) (8542.90)	parts	Value added rule (EC) Manufacture from raw materials (others)	No.1

113. Re. Issue No.63

MOR, SEN to join A/2; and delete Option A/3 (Paras.835, 836)

MAL joined Option B. Reference to the split headings “ex 85.42(b)”, “ex 85.42(c)” and “ ex 85.42(e)” to read “ex 85.42(c)”, “ex 85.42(d)” and “ex 85.42(f)”.

114. Re. Issue No.64

MOR, SEN to join A/2; and delete Option A/3 (Paras.858, 859)

MAL joined Option D/1.

115. Re. Issue No.66

MOR, MAL and SEN joined Option A. Delete SG from Option D. Delete Option C and “Option D” to read “Option C”. Underline new Option C, a) text. HK joined new Option C/a/1. “Option D/a/1”, “Option D/a/2”, “Option D/a/3”, “Option D/b/1”, “Option D/b/2” and “Option D/b/3” to read “Option C/a/1”, “Option C/a/2”, “Option C/a/3”, “Option C/b/1”, “Option C/b/2” and “Option C/b/3”, respectively. In para.893 “ex 85.42(d)” to read “ex 85.42(e)”; in para.906 “ex 85.42(b)” to read “ex 85.42(c)”; in para.907 “ex 85.41(e) and ex 85.42(c)” to read “ex 85.41(f) and ex 85.42(e)”; in para.909 the 2nd indented paragraph “electronic integrated circuits of 85.42” to read “for other electronic integrated circuits of 85.42”; in para.910 “ex 85.42(b)” to read “ex 85.42(e)” and delete the last sentence; in Relevant HS Codes “ex 85.42(d)” to read “ex 85.42(e)”.

116. Re. Issue No.67

MOR, SEN to join A/2; and delete Option A/3 (Paras.916, 917)

MAL joined Option B.

117. Re. Issue No.68

MOR, SEN to join A/2; and delete Option A/3 (Paras.936, 937)

MAL joined Option B(a).

118. Re. Issue No.69

MOR, SEN to join A/2; and delete Option A/3 (Paras.952, 953)

MAL joined Option B.

119. Re. Issue No.70

MOR, SEN to join A/2; and delete Option A/3 (Paras.973, 974)

“Option D”, “Option D/1” and “Option D/2” to read “Option E”, “Option E/1” and “Option E/2”, and insert new Option D as follows:

“OPTION D: Yes, provided (by a value added rule) (BRA)

Any parts may be used to assemble plasma display panels regardless of its classification, provided the 60% value added rule is satisfied.

The rule should be:

60% value added rule

If the required value added is not achieved origin is determined by application of a [general] [final] residual rule.”

120. Re. Issue No.71

MOR to join A/2; and delete Option A/3 (Paras.989, 990)

Option D/1 title to read “(CAN) (MAL for 87.02 to 87.05) (TUR for 87.04 only)

Replace Paras.999 and 1000 with the following:

“An assembly is considered to be a substantial transformation only when the increase in value acquired as a result of working and processing and, if applicable, the incorporation of parts originating in the country of manufacture, represents at least 60% of the product; and when the assembly manufacturing process is carried out entirely in that country.

The following is the working or processing required to carry out:

Assembling of the preliminary vehicle body and/or cabin, based on separate stamped parts
Anti-corrosion treatment and internal and external painting

Assembling of the chassis , steering system, suspension system, electrical system, brake system and other assemblies which add significant labour value

Final assembly of the cabin with local preparation and installation of items , including acoustic and thermal lining material and finishing of seats and body

Final assembly of the vehicle

Final review and pertinent tests

Management of the quality and productivity of the process and final product , comprising the inspection of raw materials, intermediate products and packaging materials, the statistical process control, the tests and measurement and the final product quality

The rule should be:

“Manufacturing where the increase in value acquired as a result of working and processing and, if applicable, the incorporation of parts originating in the country of manufacture represents at least 60% of the product””

121. Re. Issues Nos.72 and 73

MOR to join A/2; and delete Option A/3 (Paras.1012, 1013, 1034, 1035)

122. Re. Issues Nos.74 and 75

MOR to join A/2; and delete Option A/3 (Paras.1047, 1048, 1064, 1065)

CH's non-blank Chapter Notes are adjusted following the Issue No.3. (Paras.1053 and 1070)

123. Re. Issues Nos.77 to 80

MAL joined Option A.

124. Re. Issue No.81

MAL joined Option C (CTH). Delete “[of heading 70.14 or subheading 7015.10, for subheadings 9001.50 and 9001.90]”. (Para.1100)

125. Re. Issue No.82

MAL joined Option A (CTH). Option B to read as follows:

“OPTION B: No

The mounting of optically worked lenses is a simple operation and does not result in substantial transformation. The rule should be (CAN, JPN):

CTSH, except from 9001.90”

Add new paragraph after Para.1103 as follows:

“When the CTSH rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence.”

126. Re. Issue No.83

MAL joined Option A. Add new paragraph after Para.1105 as follows:

“When the specified rule is not met, a subsidiary rule applies. The subsidiary rule should be:

The country of origin of the good shall be the country of origin of the lens or other optical element. (US)”

127. Re. Issue No.84

MAL joined Option B (CTSH). Replace Option A, Para.1106 as follows:

“The attachment of an interchangeable lens to a camera, projector or photographic enlarger or reducer does not result in substantial transformation. Such lenses are distinct goods which should be treated separately for origin purposes. The rules of origin for cameras, projectors and photographic enlargers or reducers should provide that the addition of an interchangeable lens does not result in substantial transformation of either the lens or the apparatus with which it is associated. Without an appropriate exclusion, by operation of the functional unit rule the origin of the lens would be subsumed to that of the apparatus. This would be the case even when the apparatus is assembled from parts and there is a required change of tariff classification. Furthermore, interchangeable lenses and the products on which they are used are generally marked with their country of origin in a conspicuous manner. Treating the combination as separate goods avoids the problems of re-marking the non-originating good. The rule should be (US):

CTSH, except a change from interchangeable lenses of subheading 9002.11, and a subsidiary rule to provide that the country of origin of the lens should be determined in accordance with the rule for subheading 9002.11, and the country of origin of the camera, projector or photographic enlarger or reducer in accordance with the rule for cameras, projectors or photographic enlargers or reducers as the case may be.”

128. Re. Issues Nos.85 to 86

MAL joined Option A.

129. Re. Issue No.85

The last line of Para.1110 and Para.1111 to read as follows:

“CTSH, except from finished temples or finished fronts of 9003.90

If this rule is not satisfied the origin of the good will be the origin of the front. (US)”

130. Re. Issue No.87

MAL joined Option A (CTH). Add new paragraph after Para.1118 as follows:

“When the specified rule is not met, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence. (US)”

131. Re. Issue No.88

MAL joined Option A. The first part of Para.1120 to read as follows:

“The rule should preclude origin being conferred on those parts and accessories which are manufactured using non-originating control panels or programmable controllers of heading 8537 as the manufacturing process would not substantially transform those parts. The rule should be (US):”
JPN’s new split proposal for subheading 9009.90

132. Issue No.1 (Origin conferring assembly) covers this issue.

90.09	Photo-copying apparatus incorporating an optical system or of the contact type and thermo-copying apparatus.	<i>Proposals as specified for subheadings</i>	
9009.90	- Parts and accessories	[CTH (CH) (CAN) (MEX) (US) (KOR) (SG) (PHI)]	
		[CTH; or 45% value added rule (EC)] <i>Proposal as specified for split subheading (JPN)</i>	
ex9009.90(a)	-- <u>Cartridge, sorter, feeder, paper cassette, paper deck, cassette pedestal, editor, film projector and film scanner</u>	[CTSHS (JPN)]	
ex9009.90(b)	-- <u>Other</u>	[CTH (JPN)]	

ANNEX G/1

Agenda Item IV.5	Harmonized Rules of Origin for particular products of Chapters 91 to 97 (Chapter Notes, tables, preparation of residual rules)
Working Documents	Consolidated Text, Doc. 41.610, Annexes II/1, II/2 and II/3 to Doc. 42.557, Doc. OC0010
Texts adopted reproduced in :	Annex G/2

VIEWS AND DECISIONS OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN

133. The Chairman pointed out that, as far as the primary rules were concerned, almost all the outstanding issues in Chapters 91 to 97 had already been examined at the Technical Committee's 13th and 16th Sessions, and draft templates had already been prepared. Some of the unresolved issues in these Chapters were already covered by the template on Chapters 84 to 90. There would therefore not be any need to have separate templates for those issues.

He invited delegates to review the outstanding issues in these Chapters, taking account of the existing proposals for residual rules and any new proposals in this respect.

With few exceptions, in view of the time constraint for the Technical Committee to submit the results of its work to the Committee and given the fact that the basic issue of determining origin in the context of Appendix 2 had not been resolved, the Technical Committee confined itself, in the majority of cases, to taking note of the new proposals regarding these Chapters and to making minor amendments to the existing proposals.

For example, the Technical Committee took note of the residual rule proposed by the United States for textile articles classified in Chapters 91, 94, 95 and 96, and decided to submit that rule to the Committee for decision in the context of template OC0023, Issue No. 77.

With regard to Note 1 proposed by the United States for Chapters 92, 93, 94, 95 and 96, the Technical Committee noted that parts (a) (changes in classification resulting from disassembly, not conferring origin) and (b) (changes in classification resulting from packaging or repackaging, not conferring origin) justified being placed at horizontal level, since they had been adopted in other Chapters. That possibility would be considered when the overall coherence of the rules was examined.

With regard to part (c) of the Note, the Technical Committee decided to add the reference to Chapters 92, 93, 94, 95 and 96 to all issues dealing with the impact of HS General Interpretative Rule 2 (a) on the determining of origin. That decision was also valid for all the other proposed Notes regarding the assembly of goods classified in these Chapters.

The Technical Committee also took note of certain new proposals relating to criteria for determining origin at residual level (value, weight, volume, etc.). Those proposals are included in Annex G/2 to this Report.

Referring to the large number of criteria put forward, the Delegation of India felt that it would be appropriate to have a single residual rule based on only one criterion. If that were not possible, it

could be left for national legislation to set the most suitable criterion. By way of example, the Indian Delegation cited the Agreement on Customs Valuation which contained such a provision.

The Delegation of the European Community informed the Technical Committee that its proposals for Chapter 93 were to be regarded as primary rules and the consequential amendments needed to be made.

The Technical Committee also decided that Note 5 to Chapter 95 proposed by Korea and the United States should be submitted to the Committee for decision. That Note concerned the treatment of blanks of goods classified in that Chapter (see template OC0033).

Several delegations felt that the goods covered by Chapter 97 were very specific goods governed by other international agreements administered by other international organizations. There were several risks inherent in the Technical Committee attempting to determine the origin of those goods. The Technical Committee should confine itself to examining the technical aspects and submitting all the proposals to the Committee, in square brackets, with an invitation to continue the work in conjunction with the competent international organizations.

The Chairman recalled that following the discussion of origin rules for goods of Chapter 97 at the 16th Session he had asked Members to consult with relevant national authorities on the matters raised during the discussion. The previous discussion had indicated that while the criterion of change in tariff classification was generally sufficient to describe the creation of a work of art or antique, numerous issues arose in connection with the assignment of origin in subsequent trade. The proposals for residual rules, which would be quite important in this sector, appeared to have wide implications and to be subject to differing interpretations.

Reporting on their consultations with cultural heritage bodies in their governments, several Members advised that these bodies had examined the implications of origin criteria such as nationality, country of creation, country of discovery, or country of collection. The conclusion was that such criteria had implications for policies on provenance and status as national cultural property. There might also be unwelcome use of such criteria for evidentiary purposes in cases of disputed ownership. These Members proposed that in view of the policy sensitivities, there should be no further debate in the Technical Committee of these matters. Instead, the Technical Committee should submit the record of its deliberations to the Committee with a recommendation that the WTO Secretariat initiate consultations with appropriate international organizations, including UNESCO.

Other Members reiterated their positions that for goods of this sector the origin should be the country of creation or discovery, considering this approach to be consistent with practice under the 1970 UNESCO Convention on Cultural Property and the related licensing procedures and documentation. These Members could not accept any differing rule of origin for Customs purposes. Another Member noted the importance of taking a practical approach: identifying particular goods, such as stamp collections and goods which become antiques, which present problems. In respect of residual rules, this Member was prepared to accept the country of discovery as the country of origin. Although a number of Members concurred that as a primary rule change of tariff heading was generally adequate, the Technical Committee agreed to take no further decisions, instead agreeing to place all proposals in square brackets for consideration by the Committee. The Technical Committee decided that no Referral Issues should be prepared for Chapter 97, and that the issues prepared as drafts at the 13th Session should be discarded.

The Chairman summed up that clearly there was a need to account for international policy interests in the cultural property field. At the same time, he said, it is a reality that substantial trade is carried out in these goods. In the course of such trade there will be Customs involvement in the documentation and procedures, meaning that Customs have a key role in implementing any policies agreed.

ANNEX G/2

**UNRESOLVED ISSUES FOR DECISION BY THE
COMMITTEE ON RULES OF ORIGIN**

**AGREED RULES OF ORIGIN SUBMITTED BY
THE TECHNICAL COMMITTEE ON RULES OF ORIGIN
FOR ENDORSEMENT BY THE COMMITTEE ON RULES OF ORIGIN
(Designated as “Basket 1” in the Annex)**

Chapters 91 - 97

CHAPTER 91

Chapter Legal Notes

Disassembly operations, including those which result in a change of tariff classification, shall not be considered origin conferring. Basket 1 (Endorsed by CRO)

Chapter Residual Rules

When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

- 1. The country of origin of goods of heading 91.13 that contain textile fabric or other textile material shall be the country where the textile fabric or other material was formed, or in the case of a good containing textile materials of more than one country, the origin of the good is the country in which the textile fabric or other textile material that predominates by weight was formed. (US)] (Referral Doc.OC0023E1)**

CHAPTER 92

Chapter Legal Notes

1. For the purposes of those rules of origin which refer to a change of classification (i.e. change of heading or change of subheading), the following changes shall not confer origin:
 - a) changes which result from disassembly. **(Basket 1)**
 - b) changes which result from packaging or repackaging, or **(Basket 1)**
 - c) changes which result solely from application of General Rule of Interpretation 2 (a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading. (US)] (Referral Doc.OC0029E1)
2. [For collection of parts merely put together that do not satisfy the requirement of GIR2(a), the origin of the goods shall be the origin of individual parts (IND)] (Referral Doc.OC0029E1)

[Chapter Residual Rules

[When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

Goods produced by assembly of 5 or more parts (other than parts of general use, as defined in Note 2 to Section XV or similar parts of plastic (Chapter 39)) shall have origin in the country of assembly.

Goods produced by the assembly of less than 5 parts (other than parts of general use, as defined in Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39)), and one or more of whose parts (other than parts of general use, as defined in Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39)) satisfies the requirements for origin in the country of assembly, shall have origin in the country of assembly.

For purposes of the subparagraphs 1 and 2 above, the following shall not be considered origin conferring operations:

the attachment of parts of general use (defined in Note 2 to Section XV of the HS);

the attachment of handles, dials, knobs, hand cranks and other consumer-operated controls;

installation of batteries, accumulators or other articles not designed to become a permanent part of the good, or

the attachment of accessories or parts which serve only to enhance the operation of the good. (US)]

[Criteria for Residual Rules

Weight or essential character (CAN)

Weight or volume, as appropriate (US)

Value (EC)

Total value of parts and related processing activity (CH)

Criteria to be left discretionary to each country (IND)]

CHAPTER 93

Chapter Notes

1. For the purposes of those rules of origin which refer to a change of classification (i.e., change of heading or change of subheading), the following changes shall not confer origin:
 - (a) changes which result from disassembly, **(Basket 1)**
 - (b) changes which result from packaging or repackaging, or **(Basket 1)**
 - [(c) changes which result solely from application of General Rule of Interpretation 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading. (US)] (Referral Doc.OC0029E1)
2. [For collection of parts merely put together that do not satisfy the requirement of GIR2(a), the origin of the goods shall be the origin of individual parts (IND)] (Referral Doc.OC0029E1)
3. [Whenever the change of classification rules set out for goods of chapters 84 to 90 and 93 are not determinant of the country of origin of the good, the following substantial transformation rules are to be applied:
 - (1) A finished good or part produced from a non-originating unfinished good or part classified in the same heading or subheading as the finished good or part shall originate in the country in which the good or part was finished, provided:
 - (i) the unfinished good or part is not functioning for its ultimate use in its imported condition and has undergone two or more of the following processes: assembly by built-up such as but not limited to welding, soldering, shrinking, bolting, glueing, fitting, fixing, spooling, winding, connecting, wiring, coupling; or heat treatment or thermochemical treatment such as glowing, tempering, hardening; or
treatment for the purpose of shaping, forming such as cold or warm forming; or
mechanical treatment, refining of form-, positional- and surface tolerances of functional finished shapes such as turning, milling, drilling, broaching, grinding, polishing, honing, eroding; or
surface treatment such as coating, compressing, condensing, impregnating (excluding temporary conservation for transport and/or storage purpose), insulating; or system engineering, software-development and application; and
 - (ii) The finished good or part has undergone final testing such as but not limited to balancing, spinning, voltage testing, performance- or isolation test.
 - (2) A finished good or part, produced from a non-originating good or part, classified in the same subdivision as the finished good or part which do not satisfy the conditions mentioned in Rule 2.B(a) above shall originate in the country contributing most to the product in terms of total value of parts (including an unfinished good) and related processing activities.” (CH)] (Referral Doc.OC0031)

[Chapter Residual Rules

[When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

1. Goods produced by assembly of 5 or more parts (other than parts of general use, as defined in Note 2 to Section XV or similar parts of plastic (Chapter 39)) shall have origin in the country of assembly.
2. Goods produced by the assembly of less than 5 parts (other than parts of general use, as defined in Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39)), and one or more of whose parts (other than parts of general use, as defined in Note 2 to Section XV of the HS or similar parts of plastic (Chapter 39)) satisfies the requirements for origin in the country of assembly, shall have origin in the country of assembly.
3. For purposes of the subparagraphs 1 and 2 above, the following shall not be considered origin conferring operations:
 - (a) the attachment of parts of general use (defined in Note 2 to Section XV of the HS);
 - (b) the attachment of handles, dials, knobs, hand cranks and other consumer-operated controls;
 - (c) installation of batteries, accumulators or other articles not designed to become a permanent part of the good, or
 - (d) the attachment of accessories or parts which serve only to enhance the operation of the good. (US)]

[Criteria for Residual Rules

Weight or essential character (CAN)

Weight or volume, as appropriate (US)

Value (EC)

Total value of parts and related processing activity (CH)

Criteria to be left discretionary to each country (IND)]

CHAPTER 94

Chapter Notes

1. For the purposes of those rules of origin which refer to a change of classification (i.e., change of heading or change of subheading), the following changes shall not confer origin :

(a) changes which result from disassembly (**Basket 1**)

(b) changes which result from packaging, or (**Basket 1**)

[(c) changes which result solely from application of General Rule of Interpretation 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading (US)] (Referral Doc.OC0029E1)

2. [For collection of parts merely put together that do not satisfy the requirement of GIR 2(a), the origin of the goods shall be the origin of individual parts (IND)] (Referral Doc.OC0029E1)

[Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation; (MOR) (IND)] (Referral Doc.OC0031)

[Chapter Residual Rules

When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

1. The country of origin of goods of heading 94.04 shall be the country where the textile fabric was formed, or in the case of a good containing textile fabrics of more than one country, the origin of the good is the country in which the exterior textile fabric that predominates by weight was formed. (US)] (Referral Doc.OC0023E1)

[Criteria for Residual Rules

Weight or essential character (CAN)

Weight or volume, as appropriate (US)

Value (EC)

Total value of parts and related processing activity (CH)
Criteria to be left discretionary to each country (IND)]

CHAPTER 95

Chapter Notes:

1. For the purposes of those rules of origin which refer to a change of classification (i.e., change of heading or change of subheading), the following changes shall not confer origin:

- (a) changes which result from disassembly, (**Basket 1**)
 - (b) changes which result from packaging or repackaging, or (**Basket 1**)
 - [(c) changes which result solely from application of General Rule of Interpretation 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading (US)] (Referral Doc.OC0029E1)
 - (d) [Presentation of goods for use other than that for which they were initially designed or intended is not origin conferring. E.G., garments for babies of 61.11 or 62.09 to accessories for dolls of 95.02. *Text to be developed* (CAN) (EC) (US)] (Referral Doc.OC0029E1)
2. [For collection of parts merely put together that do not satisfy the requirement of GIR 2(a), the origin of the goods shall be the origin of individual parts (IND)] (Referral Doc.OC0029E1)
3. [Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation; (MOR)(IND)] (Referral Doc.OC0031)
4. Sets: (Referral Doc.OC0029E1)

[OPTION A

- 1) Putting articles up in sets shall not be considered as a substantial transformation;
- 2) The country of origin of a set put up from articles that originate in one country shall be that country;
- 3) The country of origin of a set put up from articles that originate in more than one country shall be the country of origin of the articles that confer the essential character on the set as a whole;
- 4) In the event that neither (2) nor (3) is met, the country of origin shall be the single country in which the greatest number of articles in the set were made. (JPN)]

[OPTION B

- 1) Putting articles up in sets shall not be considered as a substantial transformation;
- 2) The country of origin of a set put up from articles that originate in one country shall be that country;
- 3) The country of origin of a set put up from articles that originate in more than one country shall be the single country in which the greatest number of articles in the set were made.
- 4) In the event that neither (2) nor (3) is met, the country of origin shall be the country of origin of the articles that confer the essential character on the set as a whole; (US)]

[OPTION C

- 1) Putting articles up in sets shall not be considered as a substantial transformation;
- 2) The country of origin of a set put up from articles that originate in one country shall be that country;
- 3) The country of origin of a set put up from articles that originate in more than one country shall be the country of the article(s) representing the highest value, the value of the articles having the same origin being taken together. (EC)]
5. [For the purposes of heading 95.06 when the goods are produced from forged or cast blanks which had the essential character of the complete or finished goods and were classifiable, by application of HS General Interpretative Rule 2(a), in the same heading or subheading as the complete or finished goods:

- (1) Provided the following criteria are met, the country of origin of the goods shall be the country in which the blank was finished:
 - (a) In its imported prefinished condition, the blank was not capable of functioning for its ultimate use and was not advanced beyond cleaning or working to remove flash, sprues, burrs or similar excess material, and
 - (b) In the country in which the goods were finished:
 - (i) The blank was configured to final shape by the removal of material (other than merely by honing or polishing or both), or by bending, hammering, pressing, stamping or similar forming process; and
 - (ii) The blank underwent one or more of the following processes:

Heat treatment or thermochemical treatment, such as glowing, tempering, hardening; or

Assembly with five or more parts (other than parts of general use as defined in Note 1(g) to Section XVI of the HS); or

3. Surface treatment, such as coating, compressing, condensing, impregnating or insulating;

(2) If the criteria of subparagraph (a) above are not satisfied, the country of origin of the goods shall be the country of origin of the blank (KOR) (US)] (Referral Doc.OC0033E)

[Chapter Residual Rules

When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

1. The country of origin of a good of subheading 9502.91 that was assembled from parts, but was not wholly assembled in a single country, is the country in which the most significant assembly operations were performed in the making-up of the good, without regard to the addition of buttons and other fasteners, belt and hanger loops, belts, patch pockets, labels, foot straps, epaulettes, ornaments and other minor components. (US)] (Referral Doc.OC0023E1)

[Criteria for Residual Rules

Weight or essential character (CAN)

Weight or volume, as appropriate (US)

Value (EC)

Total value of parts and related processing activity (CH)

Criteria to be left discretionary to each country (IND)]

CHAPTER 96

Chapter Notes:

1. [For the purposes of those rules of origin which refer to a change of classification (i.e., change of heading or change of subheading), the following changes shall not confer origin :
 - (a) changes which result from disassembly, **(Basket 1)**
 - (b) changes which result from packaging or repackaging, or **(Basket 1)**
 - (c) changes which result solely from application of General Rule of Interpretation 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading. (US)] (Referral Doc.OC0029E1)
2. [For collection of parts merely put together that do not satisfy the requirement of GIR2(a), the origin of the goods shall be the origin of individual parts (IND)] (Referral Doc.OC0029E1)
3. Sets: (Referral Doc.OC0029E1)

[OPTION A

- 1) Putting articles up in sets shall not be considered as a substantial transformation;
- 2) The country of origin of a set put up from articles that originate in one country shall be that country;
- 3) The country of origin of a set put up from articles that originate in more than one country shall be the country of origin of the articles that confer the essential character on the set as a whole;
- 4) In the event that neither (2) nor (3) is met, the country of origin shall be the single country in which the greatest number of articles in the set were made. (JPN)]

[OPTION B

- 1) Putting articles up in sets shall not be considered as a substantial transformation;
- 2) The country of origin of a set put up from articles that originate in more than one country shall be the single country in which the greatest number of articles in the set were made.
- 3) In the event that neither (2) nor (3) is met, the country of origin shall be the country of origin of the articles that confer the essential character on the set as a whole; (US)]

[OPTION C

- 1) Putting articles up in sets shall not be considered as a substantial transformation;
- 2) The country of origin of a set put up from articles that originate in one country shall be that country;
- 3) The country of origin of a set put up from articles that originate in more than one country shall be the country of the article(s) representing the highest value, the value of the articles having the same origin being taken together. (EC)]

[Chapter Residual Rules

When application of the primary rules of this chapter (including the product specific rules provided in the matrix) does not result in a determination of a country of origin, the country of origin shall be determined as follows:

1. The country of origin of typewriter or similar ribbons of subheading 9612.10 shall be the country where the textile fabric was formed, or in the case of a good containing textile fabrics of more than one country, the origin of the good is the country in which the textile fabric that predominates by weight was formed. (US)] (Referral Doc.OC0023E1)

[Criteria for Residual Rules

Weight or essential character (CAN)

Weight or volume, as appropriate (US)

Value (EC)

Total value of parts and related processing activity (CH)

Criteria to be left discretionary to each country (IND)]

CHAPTER 97

HS Code number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
Chapter 97	Works of art, collectors' pieces and antiques	<i>As indicated for headings</i>		Technical file Doc. 42.144 (TUR)
97.01	Paintings, drawings and pastels, executed entirely by hand, other than drawings of heading n0 49.06 and other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques	<i>Proposals as specified for subheadings</i>		<i>Decisions as specified for subheadings</i>
9701.10	- Paintings, drawings and pastels	[CTSH]	[Residual rule : nationality of the artist or, if it is unknown, according to the country where the work of art was discovered. (EC)]	The residual rule is to be applied where it appears to be impossible to determine the country where the CTH occurred. (EC)
9701.90	- Other	[CTSH]		
		[CTH and residual rule (EC)]	[Residual rule : nationality of the artist or, if it is unknown, according to the country where the work of art was discovered. (EC)]	The residual rule is to be applied where it appears to be impossible to determine the country where the CTH occurred. (EC)
97.02	Original engravings, prints and lithographs.	[CTH]		
		[CTH and residual rule (EC)]	[Residual rule : nationality of the artist or, if it is unknown, according to the country where the work of art was discovered. (EC)]	The residual rule is to be applied where it appears to be impossible to determine the country where the CTH occurred. (EC)

HS Code number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
97.03	Original sculptures and statuary, in any material.	[CTH]		
		[CTH and residual rule (EC)]	[Residual rule : nationality of the artist or, if it is unknown, according to the country where the work of art was discovered. (EC)]	The residual rule is to be applied where it appears to be impossible to determine the country where the CTH occurred. (EC)
97.04	Postage or revenue stamps, stamp-postmarks, first-day covers, postal stationery (stamped paper), and the like, used, or if unused not of current or new issue in the country to which they are destined.	[CTH] [As indicated at the split heading level (EC) (TUR)]		
[ex9704(a)]	<u>Collections</u> (EC) (TUR)	[(a) Country of nationality of the proprietor of the collection. (EC)] [(b) The origin of the goods shall be the country in which the piece of this split heading was produced. (TUR)]		There is no substantial change of the quality, shape etc. of the pieces only for being a component of a collection. Therefore they maintain their origin. (TUR)
ex9704(b)	<u>Other</u> (EC) (TUR)	CTH (EC) (TUR)]		
97.05	Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest.	[CTH] [The origin of the goods shall be the country in which the piece of this heading was discovered. (TUR) (EGY)] [As indicated at the split heading level (EC)]		

HS Code number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
[ex 9705(a)]	<u>Collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest (EC)</u>	[Country where the piece was discovered. (EC) (EGY)]		
ex 9705(b)	<u>Collections (EC)</u>	[Country of nationality of the proprietor of the collection. (EC)]		There is no substantial change of the quality, shape etc. of the pieces only for being a component of a collection. Therefore they maintain their origin. (TUR)]
97.06	Antiques of an age exceeding one hundred years.	[CTH] [The origin of the goods shall be the country in which the piece of this heading was produced/created. (TUR) (EGY)]		
		[Origin the pieces had when produced (EC)]		Antiquity (cultural property in general) can be defined as manmade instruments reflecting the traditional life of people in every way and the personal, collective and anonymous products, including handmade arts, handicrafts related to the arts of science, technique, culture, religion and mechanics which must be preserved because of their values and uniqueness. 97.06 covers all antiques of an age exceeding 100 years but does not cover articles of headings 9701 through 9705.

HS Code number	Description of goods	Origin Criteria	Notes	Comments
A	B	C	D	E
				<p>The antiques are classified in this heading only because they exceed 100 years of age although there is no substantial transformation. For this reason; the above mentioned antiques are the products of the country where they were produced/created. The quality, origin and uniqueness will not be changed because they exceed 100 years of age. They maintain the origin of the country where they were produced/created. (TUR)</p>

ANNEX H/1

AGENDA ITEM V.	Overall Architecture of the Harmonized Rules of Origin
Working Documents	Annexes O/1, O/2, O/3 to C00O10E2.Doc (Report of the 16 th Session); Annexes C/1, C/2, C/3 to OR42820E.Doc (Report of the 15 th Session); Worksheets based on the Provisional Text.
Texts adopted reproduced in	Annex H/2

VIEWS AND DECISIONS OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN

1. During the Session the Technical Committee revised the entire Provisional Text of the Harmonized Non-preferential Rules of Origin. The work was carried out in working groups and, to a large extent, in plenary session.
2. Members gave significant attention to the elaboration of a text in Appendix 2 setting out the approach to the application of primary and residual rules. This topic had required close consideration during the 15th and 16th Sessions. At this 17th Session Members continued to develop the “single text” accepted during the 16th Session as the basis for further work.
3. By the end of the 17th Session this Appendix 2 text had been further explored and alternative formulations of its elements had been developed. Certain matters of content largely concerning the precise criteria to be employed in residual rules were left unresolved. The Chairman observed that this state of affairs indicated that the issues, which had divided Members during previous discussions, if not fully settled, were now better understood. Recalling that in his 23 April Progress Report to the Committee he had expressed optimism that the Technical Committee would find a way forward, he said it now appeared that significant progress had been made.
4. Concerning the Provisional Text as a whole, it was decided that the text would be presented with the Technical Committee’s observations. Where observations appeared, this was to be taken as indicating that the technical consideration had not been completed, the observations being offered as aids to subsequent consideration. For some issues the technical debate was considered to have been exhausted, and referral templates were prepared. These unresolved issues appear at the end of Annex H/2 to this Report.
5. The Technical Committee’s Provisional Text, as amended, and with observations and the differing views on unresolved issues, is at Annex H/2 of this Report. The text is reproduced also in the formal Referral Document OC0029.

ANNEX H/2

HARMONIZED NON-PREFERENTIAL RULES OF ORIGIN*

**PROVISIONAL TEXT OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN
as revised at its 17th Session**

1. Where no square bracket is placed in the text, it is understood that a general consensus has been reached on the text, subject to the overall coherence examination.
2. * **Order of rules and the placement of rules are to be finalised.**

DEFINITIONS

[References to manufacturing, producing or processing goods include any kind of working, assembly or processing operation.

Methods of obtaining goods include manufacturing, raising, growing, breeding, mining, extracting, harvesting, fishing trapping, gathering, hunting and capturing.

Material includes ingredients, parts, components, subassemblies and goods that were physically incorporated into another good or were subject to a process in the production of another good.

Originating material means a material whose country of origin, as determined under these rules, is the same country as the country in which the material is used in production.

Non-originating material means a material whose country of origin, as determined under these rules, is not the same country as the country in which that material is used in production.

Customs Valuation Agreement means the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994.

["Essential character" means the predominant physical nature, principal function, or other attribute of a good, that establishes the identity of the good. (CAN)]]

Observations :

- (a) *The definitions should include a definition of “change in tariff classification” instead of indicating such a definition in Appendix 2, Rule 3 (Rules of Application) (IND)*
- (b) *The inclusion of the term “essential character” in the definitions is not necessary since this term is not used in the harmonized rules of origin. Moreover, no satisfactory definition of this term has been established so far. (EC)*
- (c) *The scope of application should be the first provision of the Annex followed by Definitions. Thereafter the General Rules should begin in numbered sequence. (CAN)(IND)*

GENERAL RULES

General Rule 1: SCOPE OF APPLICATION

Rules of Origin provided in this Annex shall be as defined in Article 1, paragraph 1 of the Agreement on Rules of Origin annexed to the Agreement Establishing the World Trade Organization (WTO), and shall be applied for the purposes set out in Article 1, paragraph 2 of the Agreement on Rules of Origin.

General Rule 2: HARMONIZED SYSTEM

1. References to headings and subheadings are references as they appear in the Harmonized Commodity Description and Coding System (hereinafter referred to as “Harmonized System” or “HS”) as amended and in force. Classification of goods within headings and subheadings of the Harmonized System is governed by the General Interpretative Rules and any relative Section, Chapter and Subheading Notes to that System. Classification of goods within any additional subdivisions created for purposes of the rules of origin shall also be governed by the General Interpretative Rules and any relative Section, Chapter and Subheading Notes to the Harmonized System, unless the rules of this Annex otherwise require.
2. [The outcome of an origin determination under the Harmonized Non-Preferential Rules of Origin shall not be affected by the amendments to the Harmonized System. (CAN)(IND)] When amendments to the Harmonized System are recommended by the CCC [WCO Council] , a technical review shall be undertaken with respect to their possible effect upon the results of origin determinations under the Harmonized Non-Preferential Rules of Origin. Necessary technical rectifications approved by the WTO shall take effect on the date when the amendments to the Harmonized System enter into force. [Such approval shall be made at least one year before the entry into force of the amendments to the Harmonized System. Otherwise the technical rectifications shall take effect on the date specified by the Committee on Rules of Origin. (JPN)]

The Technical Committee intends to consult with the Committee on Rules of Origin concerning possible institutional arrangements for technical review and rectification. As provided in Art. 6 of the Agreement, such technical review should encompass not only alignment with the HS, but also technical review of the origin rules to keep them updated and assure administrability.

General Rule 3 : DEFINITIONS

[moved to the beginning of this Annex]

General Rule 4: DETERMINATION OF ORIGIN

The country of origin of a good shall be determined in accordance with these General Rules and in accordance with the provisions of Appendix 1 and Appendix 2, applied in sequence.

[General Rule 5 (Proposed) : DE MINIMIS

Non-originating materials that do not meet the primary rules set forth in Appendix 2 shall be disregarded in determining the country of origin provided that these materials do not exceed the threshold laid down in Appendix 2. This provision is hereinafter referred to as the “de minimis rule”. (EC)]

(to be considered with other de minimis proposals in General Rule 8 and Appendix 2, Rule 6)

General Rule 5 : MINIMAL OPERATIONS OR PROCESSES

[The following operations or processes, taken by themselves or in combination with each other and undertaken for the purposes prescribed herein, are considered to be minimal and thus shall be treated as provided in Paragraph 2 to Appendix 1 [or Rule 3 to Appendix 2, as appropriate (*Deletion proposed by PHI, CH, IND*)]]:

- (i) operations or processes to ensure the preservation of goods in good condition for the purposes of transport or storage;
- (ii) operations or processes to facilitate shipment or transportation;
- (iii) operations or processes that concern the packaging or presentation of goods for sale.]

Observations:

Minimal operations and processes have already been taken into account in the preparation of the product-specific rules. Appendix-level exclusions would override rules at the chapter and matrix level which have been agreed to confer origin. (CH)(PHI)

The above definitions should be deleted; minimal operations or processes should be as specified in the list of examples below. (IND)

[Examples of minimal operations or processes include, among others :

- ventilation
- spreading out
- drying
- chilling
- removal of damaged parts
- application of grease, anti-rust paint or protective coating
- removal of dust
- cleaning
- washing
- sifting or screening
- sorting
- classifying or grading
- testing or calibration
- breaking bulk
- packing, unpacking or repacking
- grouping of packages
- affixing of marks, labels or distinguishing signs on goods or their packages
- dilution with water or any other aqueous solution
- ionizing
- salting
- husking
- shelling (unshelling)
- stoning
- crushing (IND)]

This list should be deleted. (CAN)(US)(HK)(PHI)

With a view to an uniform application of this provision, an indicative list of processes regarded as minimal operations according to this definition would be appropriate. A list will be provided later on. (EC) (CHI) supports this approach.

See Referral Issues Nos. 1 & 2

General Rule 6.

NEUTRAL ELEMENTS

[[Unless otherwise provided in this Annex, (MOR) (TUN)] in order to determine whether a good originates in a country, the origin of the power and fuel, plant and equipment, including safety equipment, or machines and tools used to obtain a good or the materials used in its manufacture which do not remain in the good or form part of the good shall not be taken into account.]

This provision is not necessary. (PHI) (HK) (SEN) (IND) (NZ)(MAL)

See Referral Issue No. 3

General Rule 7 : PACKING AND PACKAGING MATERIALS AND CONTAINERS

Unless the provisions of Appendix 1 or Appendix 2 otherwise require, the origin of packing and packaging materials and containers presented with the goods therein shall be disregarded in determining the origin of the goods under General Rule 4, provided such packing and

packaging materials and containers are classified with the goods under the Harmonized System. The packing and packaging materials and containers which are not classified with their contents are separate goods, thus their origin shall be determined in accordance with the appropriate rules set forth in Appendices 1 and 2.

[General Rule 8: DE MINIMIS]

[In application of rules in Appendices 1 and 2, non-originating materials that do not meet the primary rule set forth for the obtained good shall be disregarded in determining the country of origin provided these materials do not exceed the threshold of 20% of the ex-works price of such a good. (MOR)]

- | | |
|----|--|
| 3. | |
| 4. | <i>(To be considered with proposed De Minimis rules at proposed General Rule 5 and in Appendix 2, Rule 6.)</i> |
| 5. | |
| 6. | <i>This Rule is not necessary. (PHI) (SEN)(IND)(MAL)(NZ)</i> |
| 7. | |

See Referral Issue No. 4

APPENDIX 1 - Wholly Obtained Goods

1. Scope of Application

This Appendix sets forth the definitions of the goods that are to be considered as being wholly obtained in one country.

2. Minimal Operations and Processes

For purposes of this Appendix, minimal operations or processes referred to in General Rule 4, Paragraph 3 shall not be taken into account in determining whether a good has been wholly obtained in one country.

<u>Definitions</u>		<u>Notes</u>
1.	The following goods are to be considered as being wholly obtained in one country :	
(a)	Live animals born and raised in that country;	In definitions 1 (a), (b), and (c) the term "animals" covers all animal life, including mammals, birds, fish, crustaceans, molluscs, reptiles, bacteria and viruses.
(b)	Animals obtained by hunting, trapping, fishing, gathering or capturing in that country;	Definition 1 (b) covers animals obtained in the wild, whether live or dead, whether or not born and raised in that country.
(c)	Products obtained from live animals in that country;	Definition 1 (c) covers products obtained from live animals without further processing, including milk, eggs, natural honey, hair, wool, semen and dung.
(d)	Plants and plant products harvested, picked or gathered in that country;	Definition 1 (d) covers all plant life, including fruit, flowers, vegetables, trees, seaweed, fungi and live plants grown in that country.
(e)	Minerals and other naturally occurring substances, not included in definitions (a)-(d), extracted or taken in that country;	Definition 1 (e) covers crude minerals and other naturally occurring substances, including rock or solar salt, crude mineral sulphur occurring in free state, natural sands, clays, stones, metallic ores, crude oil, natural gas, bituminous minerals, natural earths, ordinary natural waters, natural mineral waters, natural snow and ice.

<u>Definitions</u>		<u>Notes</u>
(f)	Scrap and waste derived from manufacturing or processing operations or from consumption in that country and fit only for disposal or for the recovery of raw materials;	Definition 1 (f) covers all scrap and waste, including scrap and waste resulting from manufacturing or processing operations or consumption in the same country, scrap machinery, discarded packaging and household rubbish and all products that can no longer perform the purpose for which they were produced, and are fit only for discarding or for the recovery of raw materials. Such manufacturing or processing operations include all types of processing, not only industrial or chemical but also mining, agricultural, construction, refining, incineration and sewage treatment operations.
(g)	[Articles collected in that country which can no longer perform their original purpose nor are capable of being restored or repaired and which are fit only for disposal or for the recovery of parts or raw materials;]	
(h)	<p><u>Alternative 1</u> :</p> <p>[Parts or raw materials recovered in that country from articles which can no longer perform their original purpose nor are capable of being restored or repaired;]^[1]</p> <p><u>Alternative 2</u> :</p> <p>[Parts or raw materials obtained in that country from articles collected in that country which are not fit for their original purpose nor are capable of being restored or repaired and are fit only for disposal or for the recovery of parts or raw materials;]</p>	
(i)	Goods obtained or produced in that country solely from products referred to in (a) - (f) [(g) and (h)] above;	<p>[For a good to be considered wholly obtained in one country under definition 1(i):</p> <p>(i) The good must have been obtained or produced from the products of that country mentioned in definitions 1(a) to (h);</p> <p>(ii) the products of definitions 1(a) to (h) must not have undergone processing in another country; and</p> <p>(iii) <i>the good must not contain materials not considered to be wholly obtained in that country.</i>]</p>

¹ [In the recovery of parts or raw materials, environmental considerations may arise, particularly for radioactive, hazardous and toxic waste that may result from the recovery of parts or raw materials from Articles. In this connection, this rule is without prejudice to Members' rights to take WTO-consistent measures to protect the environment.]

<u>Definitions</u>		<u>Notes</u>
[2]	<p>(i) Products of sea-fishing and other products taken from the sea outside a country are considered to be wholly obtained in the country of registration of the vessel that carries out those operations.</p> <p>(ii) Goods obtained or produced on board factory ships are considered to be wholly obtained in the country of registration of the factory ship, provided that those goods are manufactured from the products referred to in subparagraph (i) originating in the same country.</p> <p>(iii) Products taken from the sea-bed or subsoil beneath the sea-bed outside a country are considered to be wholly obtained in the country that has the rights to exploit that sea-bed or subsoil.]</p>	[The term “registration” in Definition 2(i) and (ii) includes registration that a country grants to chartered vessels or factory ships, provided this registration is in accordance with the requirements of that country.]
[2]	<p><u>Alternative Text</u></p> <p>(i) Products of sea-fishing and other products taken from the sea outside the territorial sea and maritime zones over which the coastal state has jurisdiction are considered to be wholly obtained in the state of registration of the vessel that carries out those operations.</p> <p>(iii) products taken from the area of the seabed and ocean floor and subsoil thereof outside national jurisdiction, as defined in accordance with the provisions of the United Nations Convention on the Law of the Sea, are considered to be wholly obtained in the state that has the exploitation rights, in conformity with the provisions of that Convention and the Agreement relating to the Implementation of Part XI of that Convention of 28 July 1994.]</p>	[The term “registration” in Definition 2(i) and (ii) includes registration that a country grants to chartered vessels or factory ships, provided this registration is in accordance with the requirements of that country.]

APPENDIX 2 - Product Specific Rules of Origin

Rule 1 Scope of Application

This Appendix sets forth rules for determining the country of origin of a good when the origin of the good is not determined under Appendix 1.

Rule 2 Determination of origin

[Principles of Approach]

[Origin Determination under Primary Rules *insertion of this header proposed by (HK)(PHI); deletion proposed by (US)(CAN)]*

The country of origin shall be determined in accordance with the following provisions, applied in sequence;

- (a) when a primary rule specifies that the origin of a good is the country in which the good was obtained in its natural or unprocessed state, the country of origin of the good shall be the country in which that good was obtained in that condition;

N.B. reference to other Ottawa-type rules (where born, where raised, where grew) to be added when final decisions are made on product-specific rules.]

- (b) the country of origin of a good is the last country of production [provided] [where (IND)(PHI)(HK)(MAL)(BRA)] a primary rule applicable to the good was satisfied in that country;

- [(c)(i) [when a good undergoes a non-origin conferring operation, the origin of the good is the country from which the good originated immediately prior to such an operation.]

Observation : The scope of this provision (c)(i) as drafted is overly broad; there should be reference to operations identified in the Annex, such as minimal operations or processes or other non-origin conferring operations as specified at a Chapter level. (EC)

- [(c)(ii)

Alternative 1

[when no applicable primary rule was satisfied [in the last country of manufacture or processing *deletion proposed by (PHI)*][and no applicable chapter residual rule was satisfied] but the good has been produced in that country by further processing of [a material or article] [an article] classified in the same provision as that of the good, the country of origin of the good is the country in which that [material or article] [article] originated, provided that any materials subsequently added to the [material or article][article] have undergone the change of classification or have otherwise satisfied any other requirement specified in the primary rule applicable to the good;]

Alternative 2

[when the further processing of a good does not change the classification of the good, and any materials used in the further processing satisfy the primary rule for the good, the country of origin of the good is the country of origin prior to the further processing;]

alternative 3

[when no applicable primary rule was satisfied in the last country of manufacture or production [and no applicable chapter residual rule was satisfied] and the good was produced as a result of further processing which did not change its classification, the country of origin of the good is the country of origin prior to such further processing;]\$

Observation: This provision (c)(ii) is unnecessary as the idea and consequences of its application are taken up in subparas. (b) and (c)(i). Moreover, the provision is not properly a rule but a principle; as such, it needs to be reformulated and probably presented elsewhere. (IND)(SEN)

[Origin Determination under Residual Rules *insertion of this header proposed by (HK)(PHI); deletion proposed by (US)(CAN)]*

[(d) when no applicable primary rule has been satisfied [in the last country of production - *deletion proposed by (IND)*], the country of origin shall be determined as indicated in the applicable residual rule specified at the chapter level;]

Observations:

*It may be appropriate to apply (d) before (c)(i) and (c)(ii). (US)(CH)(EC)(EGY)(CAN)(JPN)(MOR))
The placement here is appropriate. (HK)(IND)(MAL)*

(e) when no applicable primary rule was satisfied in the last country of manufacture or processing of the good [and no applicable chapter residual rule was satisfied *deletion proposed by (PHI)*], and the good is produced from materials originating in a single country, the country of origin of the good is the country in which those materials originated;

[(f) when no applicable primary rule was satisfied [in the last country of manufacture or processing of the good *deletion proposed by (PHI)*] [and no applicable chapter residual rule was satisfied], and the good is produced from materials originating in a single country that did not undergo the change of classification or otherwise satisfy the primary rule applicable to the good, the country of origin of the good is the country in which that material originated;]

Observations:

This provision (f) is highly important because of its relation to the primary rules. When a primary rule is not met, account should be taken in the residual rules of the design of the primary rules, giving due weight to the intended results of the primary rules and seeking not to give originating status to an operation or material by application of a residual rule when the applicable primary rule was intended to prevent that same result. That is why this rule bases origin on the country of origin of the material(s) originating in a single country which did not satisfy a primary rule, and thus complements the outcome of the primary rule. If the applicable primary rule is change of heading "except from a specified heading", then obviously the intent of the primary rule was that the specified change did not result in substantial transformation. It is thus logical and appropriate to focus on the origin of the materials which did not undergo the required change. (US)

This provision (f) should be deleted. In the residual rules origin should be based upon the origin of all the materials used, without distinction. (IND)

The provision (f) introduces an extra step in determination of origin and is overly complex to apply. In many cases the materials used will originate in several countries, and thus origin would be found by application of subparagraph (g). (EC)(EGY)

This provision (f) has to be considered in relation to primary rules submitted to the CRO which are based on the exclusion of specified materials. (CH)

Additional provision proposed for application before provision (g): [when the good is produced from originating or non-originating materials of more than one country and a primary rule has not been satisfied for the good, the country of origin of the good shall be the country of origin of the material that fulfills the major role with regard to the use of the good; (CAN)]

Observation : This is a very practical and transparent method of determining origin in a residual environment by first focussing on the use of the good and associating based on that material which fulfils the major role in this regard. (CAN)

(g) when no applicable primary rule was satisfied [in the last country of manufacture or processing of the good *deletion proposed by (PHI)*][and no applicable chapter residual rule was satisfied], and the good is produced from materials [(whether or not originating)] of more than one country [that did not undergo the change of classification or otherwise satisfy the primary rule applicable to the good *deletion proposed by (IND)(CAN)*], the country of origin of the good shall be the country in which the major portion of those materials originated, as determined on the basis specified in each chapter.

Observations:

The bracketed text referring to materials which did not undergo change of classification or otherwise satisfy the primary rule should be deleted. In the residual rules origin should be based upon the origin of all the materials used, without distinction. (IND)(CAN)

The bracketed text in (g) referring to materials which did not undergo change of classification or otherwise satisfy the primary rule should be retained for the reasons expressed in the observation regarding subparagraph (f). (US)

General Observation:

All three provisions, subparagraphs (e), (f), and (g), will be necessary to determine origin in certain cases and should be retained. (COL)

[(h) the country of origin of the good shall be the last country of production. (CAN)]

Observation : Subparagraph (h) to be used in only the few cases where subparagraph (g) cannot provide a single country of origin. Normally, this would only occur in the case of a tie, at which point a rule providing origin to the last country of production is the most predictable, clear and simplest solution. (CAN)

Rule 3 Rules of Application

- (a) [Subject to [the minimal operations or processes referred to in General Rule 5 or any other applicable provisions – *deletion proposed by* (PHI)], rules of origin that refer to change in classification require that each non-originating material in the good has undergone a change in classification at the level of the Harmonized System (Section, Chapter, heading, or subheading), or of any additional subdivision thereof, specified in the rule.]
- (b) [Unless the rules of this Appendix require comparison of originating and non-originating materials, the origin criteria set forth in the rules apply only to non-originating materials. (EC)]
- (c) [The term “change in tariff classification” is understood to mean that non-originating materials used in the production of a good are not classified in the same split subheading, subheading, split heading, heading, respectively, as the good that is under examination. (TUN)]

[Rules of origin that refer to change in classification require that each foreign material in the good undergo a change in classification at the level of the Harmonized System (section, chapter, heading, subheading), or of any additional subdivision thereof, specified in the rule, by reason of production, other than by the minimal operations or processes defined in General Rule 5 or in applicable legal notes. (US)]

A suggestion was made to consolidate the above provisions within the following text:
In applying this Appendix :

- [(a) Origin shall be determined according to the rules provided for goods based upon their classification in the Harmonized System and any additional subdivisions created thereunder, and subject to other rules [or chapter notes (CAN)] provided in this Annex.
 - (b) Rules of origin that refer to change in classification require that each non-originating material in the good undergo the change of classification specified in the rule, other than by the minimal operations or processes defined in General Rule 5 or any other applicable non-origin conferring process. (US)]
-

(d) Minimal operations or processes

[For the purposes of this Appendix:

- (i) [minimal operations or processes referred to in General Rule 5 shall not confer origin on a good; and *deletion proposed by (CH)(PHI)*]
- (ii) a minimal operation or process referred to in General Rule 5 or a combination of them shall not preclude conferring origin on a good if origin is conferred as a result of other operations or processes.]

Observations and Drafting Guidelines for Rule 3, Rules of Application

The Technical Committee took note that for completeness, a rule concerning the application of origin criteria might require more elements than those embodied in the texts above. The Technical Committee was of the view that consideration should be given to inclusion and appropriate arrangement of the following elements:

- *Application of rules of origin begins with classification of the good in the HS and the identification of the corresponding product description in the Harmonized Non-Preferential Rules of Origin;*
- *An indication of where the rules of origin are to be found (matrix, chapter, Appendices, General rules), and that rules of origin are to be applied together with any applicable legal notes, chapter notes or rules of interpretation;*
- *An indication that primary rules are those rules found at a matrix or chapter level which confer origin and are to be applied first. All rules of origin are primary rules unless otherwise indicated;*
- *Residual rules are found at chapter [section] or appendix level, are specifically designated as such, and are applied only if primary rules give no result;*
- *For primary rules, both change of classification or other, a rule applicable to a good is met when non-originating materials undergo the required change in the last country of production; [For residual rules this is not decided, and normally residual rules will be applied according to their terms]*
- *It is also to be considered whether the present Rule 4 on intermediate materials could be included under Rule 3 as a Rule of Application.*
- *Separate specific application instructions are needed for change of classification rules as follows:*
 - *to indicate that all non-originating materials must undergo the required change of classification (subject to any limitations under a de minimis rule if agreed). (Under other kinds of rules it is not necessarily the case that all materials undergo the required change);*
 - *to indicate the changes in classification which do not confer origin, such as disassembly, change of use, or change of classification by reason of GIR 2(a) of the HS.*

There are three provisions that might be placed here as relating to the application of change of classification criteria : treatment of GIR 2(a); disassembly and the origin of disassembled parts; and change of use. Presentation of rules on these items as Appendix 2 Rules of Application would permit the deletion of these provisions from the Chapters in which they appear, and the Technical Committee decided to pursue this approach.

The Technical Committee's previous discussions on these issues took place largely in the context of rules for Chapters 84-90. The unresolved issues which emerged from these discussions are now considered by the Technical Committee to be horizontal issues relating to the application of origin criteria based on change in tariff classification which should be resolved in the context of rules of application in the overall architecture. These issues, originally formulated as Unresolved Issues in Referral Doc. 0015 covering Chapters 84-90, are reproduced at the end of this document following the presentation of the other Unresolved Issues arising in the overall architecture.

Rule 4 Intermediate materials*

[[Except as otherwise provided in this Appendix, (US)] materials which have acquired originating status in a country by virtue of fulfilling the rules set forth in this Appendix [Annex (CAN)(US)] are considered to be originating materials of that country for the purpose of determining the origin of a good incorporating such materials or a good made from such materials by further working or processing in that country.]

* Subject to finalisation of the residual rules.

Rule 5 Special provisions

(a) Accessories and spare parts and tools

[Accessories, spare parts, tools and instructional or other informational material
[, instructional and other informational material (MAL)] classified and presented with a good shall be disregarded in determining the origin of that good under General Rule 4, provided they are imported and normally sold therewith and correspond, in kind and number, to the normal equipment thereof.]

Observations:

Consideration could be given to moving this provision to the Annex, as it applies to the entire Annex. (HK)

The provision is potentially troublesome as drafted because the terms "accessories" and "spare parts" are not sufficiently precise. The provision needs to avoid leaving wide scope for differing interpretations. (NIG)

[(b) Fungible goods and materials]

[When it is necessary to determine the origin of interchangeable goods or materials which are combined [commingled (US)] in inventory so that it is not practical to segregate the goods or materials by their country of origin, for purposes of the application of the origin rules, an allocation by country of origin can be made [for the relevant production period (US)] in accordance with an applicable recognised inventory management method.]

Observations :

The Technical Committee has not reached a resolution on this issue. Some Members favour it, some oppose it, and others continue to study its utility. During the 15th Session Members noted that answers to the following questions would help the consideration:

To what products does this provision apply?

What is the inventory management method to be adopted?

Clarification on “applicable recognized inventory management method”.

Clarification on “for the purposes of the application of the origin rules”.

Is the provision also used for the purposes of clarifying the residual rule ?

The following Members indicated at the 17th Session that for them the text left uncertain what goods were considered fungible; what was an inventory management method. (HK, EGY, PHI)

The proposed method is considered to result in the arbitrary assignment of origin. (MAL)

The provision is beneficial when considering the commercial reality of trade. As well, it is not a rule of origin. (CAN)

(c) Putting up in sets [or kits (CAN)(NZ)(CH)]

[For purposes of these rules and except as otherwise provided in this Appendix:

Goods put up in sets shall retain the origin of the individual articles in the set. (US)]

[For purposes of determining the origin of sets [kits] and except as otherwise provided in this Appendix:

- (1) [Merely putting articles into sets is not origin conferring.]
- (2) for [goods explicitly mentioned as sets in a heading of the HS *deletion proposed by PHI*] and for goods classified as sets by GIR 3(b) of the HS, the following rules shall apply:
 - (i) The country of origin of a set [or kit] put up from articles that originate in one country shall be that country;
 - (ii) [The country of origin of a set [or kit] put up from articles that originate in more than one country shall be that country of origin of the article or articles that confer the essential character of the set or kit as a whole. (CAN)(MAL)]

[The country of origin of a set put up from articles that originate in more than one country shall be the country of the article(s) representing the highest value, the value of the articles having the same origin being taken together. (EC)]

[The country of origin of a set put up from different articles shall be the country which contributes with the highest value to the set, taking into account the value of the articles and the work carried out, the value of the articles (including work) having the same origin being taken together; and

For the purposes of this paragraph, the term “work” means that the country which put up articles into sets can consider its work (value) carried out as an equivalent part of the calculation. (CH)]

- (3) for goods merely put together that are not classified together by GIR 3(b) and do not satisfy the requirements of GIR 3(b) of the Harmonized System, the following rule shall apply:

The origin of the goods shall be the origin of individual articles.]

Observations :

The proposed rule should cover only sets defined under GIR 3(b); for sets explicitly mentioned in headings of the HS primary rules have been devised to address each case and should be retained. (PHI)

The proposed rule should cover all sets and provide the same rule for them. (CAN)

The term “essential character” is not appropriate as a criterion to determine the origin of sets because it might be subject to different interpretations. No satisfactory definition of this term has been established so far. (EC)

See Referral Issue No. 5

[Rule 6 DE MINIMIS] *See also General Rule 8*

[In application of the primary rules in Appendix 2, non-originating materials that do not meet the primary rule set forth for the obtained good shall be disregarded in determining the country of origin provided these materials do not exceed the threshold of 20% of the ex-works price of such a good. (CH)]

- [1. Non-originating materials that do not undergo an applicable change in tariff classification or satisfy any other applicable requirements of these Regulations shall be disregarded in determining the country of origin of the goods if:
 - (a) In the case of goods classified under any other chapter of the Harmonized System other than under any of Chapters 1 to 4, 6 to 8, 11, 12, 15, 17 and 20 the value of the non-originating materials is not more than 7% of the transactional value of the good, or 10% of the volume of the total alcoholic strength of the goods classified under Chapter 22; and
 - (b) [in the case of goods classified under Chapters 50 to 63, the combined weight of the non-originating materials does not exceed 7% of the total weight of the goods;]
2. For the purpose of paragraph 1, the value of the good or the material shall be:
 - (a) the transaction value of the good or material, determined in accordance with Article 1 of the Customs Valuation Agreement; or
 - (b) in the event that there is no transaction value or the transaction value of the good or material is unacceptable under Article 1 of the Customs Valuation Agreement, determined in accordance with Article 2 through 7 of the Customs Valuation Agreement.
- 3. For purposes of paragraph 1:**
 - (a) the value of the good shall be adjusted to an f.o.b. basis, and
 - (b) the value of the material shall be adjusted to a c.i.f. basis.

4. For purposes of applying the Customs Valuation Agreement under this General Rule, the principles of the Customs Valuation Agreement shall apply to domestic transactions, with such modifications as may be required by the circumstances, as would apply to international transactions. (CAN)]

Observations : A de minimis rule, if adopted, should not be applicable to origin determination for goods of Chapters 9 or 21. (COL)

Subparagraph 3 of the Canadian proposal is not consistent with the WTO Valuation Agreement. (JPN)

*De minimis rules should be articulated on a Chapter or product sector basis. (JPN)
(KOR)(EGY)(COL)*

A de Minimis rule is not necessary. (PHI) (SEN)(IND)(MAL)(NZ)

See Referral Issue No. 4

Unresolved issues submitted for decision by the CRO

ISSUE No. 1 : Content of the General Rule on Minimal Operations and Processes

- A. *Definitions only; No list . (CAN)(US)(PHI)(NOR)(SEN)(CH)(PHI)(HK)(PHI)*

The list of examples is not appropriate because the listed processes are not all related to any common definition, and in a number of cases are at odds with product-specific rules. As a general matter, a list of examples should not appear in a legal text, and it would not be possible to arrive at a permanent list; adjustment to the list would always be needed. The list might mislead the user to think that the listed operations never confer origin, when in fact they are not taken into account for origin determination when done for the purposes set out in the definition.

- B. *List only, no definitions (IND)*

Minimal operations and processes have already been taken into account in the preparation of the product-specific rules. Appendix-level exclusions would override rules at the chapter and matrix level which have been agreed to confer origin. The list is a practical way to indicate with specificity what does not confer origin.

- C. *Both the definitions and list should be retained (EC)(EGY)(CHI)*

The debate on minimal operations or processes has demonstrated that there can be great uncertainty as to the actual operations within the scope of the definitions. Because it is not yet known whether the harmonized rules of origin might include explanatory notes or other guidance, it is useful for the understanding to include an indicative list of operations or processes. The preparation of an appropriate list requires the selection of examples which are not open to doubt.

ISSUE No. 2 : Scope of application of the General Rule on Minimal Operations or Processes

- A. *Applicable to Appendix 1 only (PHI) (IND) (CH)*

In Appendix 2 the issue of minimal operations or processes is addressed by a Chapter Note (negative standards) or an individual primary rule, where appropriate. Therefore, there is no need to set forth a general provision in General Rules. Otherwise, origin conferred by such a primary rule, which has already taken into account whether that rule may confer origin on a good by a minimal operation or process, will be overruled by the general provision. This will jeopardise the intent of the rules concerned and make the determination of origin unpredictable.

The reference to Appendix 2, Rule 3(d) should be deleted.

- B: *Applicable to both Appendices 1 and 2*

Article 9.2(c)(i) of the Agreement provides that the Technical Committee shall develop harmonized definitions of minimal operations or processes that do not by themselves confer origin to a good. This is understood to mean that these definitions must apply to the whole non-preferential rules of origin. Negative standards elaborated at the Chapter level do not have the same characteristics as the definitions of minimal operations or processes, i.e., not necessarily the cases of facilitating transportation or packaging for retail sale only. Thus the General Rules must have a safety valve to prevent minimal operations or processes from conferring origin on a good.

B/1: In Appendix 2, should be applicable to the change of classification rules only (EC)

General Rule 5 is applicable to Appendix 2. However, this General Rule should not overrule the origin determination made by a specific process rule provided in Appendix 2. The process rules are articulated to confer origin on the particular good in any condition, if the specified process requirements are satisfied.

B/2: Applicable to all the rules (US) (CAN)(MOR)

General Rule 5 is applicable to any single rule set forth in Appendix 2 or in the Annex as a whole. There is no reason to distinguish between Appendix 1 or Appendix 2 or between kinds of origin rules.

ISSUE No. 3 : Inclusion of a Provision on Neutral Elements

A : This provision is necessary. (EC) (US) (CAN)

By indicating elements which are never to be taken into account in the determination of origin this text adds certainty and clarity.

B : This provision is not necessary. (PHI) (HK) (SEN) (IND) (NZ)(MAL)

It is understood and agreed that the elements described are not a part of origin determination; the Agreement and the entire structure of the origin Annex are formulated on this understanding. To include such a reference is superfluous and potentially raises uncertainty.

ISSUE No. 4: Should a de Minimis Rule be included in the Harmonized Rules of Origin?

- (a) A de minimis approach is familiar to a number of Customs Administrations as a way to disregard materials which otherwise would prevent an origin rule from being met. In this respect de minimis rules, or tolerances, give greater possibilities for primary rules to be satisfied. They should be a part of the harmonized rules of origin.(EC, CH, MOR, CAN)*
- (b) The de minimis approach is a feature of preferential rules of origin and has no place in these MFN non-preferential rules. The administrative apparatus and recordkeeping needed to administer de minimis rules are prohibitively costly, and certainly too costly in relation to the supposed benefits of such an approach. It would be extremely difficult to set a universal threshold, or product-specific thresholds, which reasonably identify the amount of materials considered sufficiently unimportant to be disregarded. (PHI, SEN, IND MAL)*

Issue No. 5 : Single or Multiple Countries of Origin for Sets

There are two principal differing views in the Technical Committee concerning the origin of sets.

- A. Sets, being made up of multiple goods, are treated for origin purposes as separate goods and the origin of each constituent good is retained. (US)*
- B. A set has the origin of a single country. Proposed criteria by which this single country is determined are as set out in the text above: country of origin of the article that confers the essential character to the set (CAN); country of origin of the article in the set which represents the highest value (EC); country which contributes the most to the total value in terms of total value of parts and related processing activities.(CH). There is also a view in the TCRO that the making up alone of a set, without*

any production of constituent articles, can mean that the origin of a set is the country in which the set was put up.(IND, CH).

Horizontal issues contained in Doc. OC0031 to be considered as relevant to Appendix 2 rules:

ISSUE No.4 in doc. OC0031:

CHANGE OF CLASSIFICATION BY VIRTUE OF THE APPLICATION OF THE SECOND PART OF GIR 2(A) - COLLECTION OF PARTS

NOTE :

4. The General Rule for the Interpretation of the Harmonized System (GIR) 2(a) provides as follows:

“2.(a) Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled.”

5. This issue arises by virtue of the second part of GIR 2(a) when non-originating articles are presented unassembled or disassembled (a set of parts classified as articles). This issue is still valid even if some parts are missing from the set of parts when presented, as long as those presented parts as a whole have the essential character of the complete or finished article concerned (First part of GIR 2(a)). However, this issue is not valid when parts are separately presented to Customs, i.e., parts are classified as parts.

OPTION A : Yes, collecting parts is an origin conferring event under the specified conditions (IND) (SEN)

6. The legal requirements of the Harmonized System should be strictly observed in order to apply the Harmonized Rules of Origin. The Agreement provides that the change of tariff classification criterion should be based on the Harmonized System. This means that the HS is being used not only to identify a good by classification but also to judge whether or not a good undergoes a substantial transformation by a change of classification. Therefore if the HS is not sufficient for the origin determination purposes, supplementary criteria should be elaborated instead of modifying the HS. The Customs officials and traders are familiar with the current HS in force, thus if the HS is applied for the origin determination purposes different from the way which is applicable to the classification purposes, the Customs officials and traders would be confused.

7. A set of parts, which has the essential character of the complete or finished article, is considered to have substantially transformed from individual parts, when these parts collected take a form of a set with a manual or an instructional document for assembly and a guarantee by the supplier.

8. Similar to a do-it-yourself kit or unassembled furniture, handy electronics equipment is commonly found in this form in a market. Origin of these sets must be the country where they are collected and arranged as sets with a guarantee by the supplier; otherwise the same set would have different origin depending on the place where it is finally assembled.

OPTION B : No, collecting parts is not an origin conferring event (US) (AUS) (JPN) (EC) (BRA) (CAN)

9. Collection of parts should not be considered as substantial transformation. Collection of parts requires storing and regrouping of goods only; thus assembly or working or processing on the parts are not necessary. Parts may be grouped together, but an individual part is still the same part.

10. The Chapter Note/Chapter Rule/Legal Note should be :

“[Where a change in classification results from the application of HS General Interpretative Rule 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading the individual parts shall retain their origin prior to such collection. (For goods assembled from collections of parts, Note 2.C shall apply.) (US) (AUS)]”

or

“[A change of classification which results from the application of Rule 2(a) of the General Rules for the Interpretation of the HS (GIR 2(a)), with respect to a collection of parts, shall not be considered as the change required by the rule set forth in the matrix. (Sec)]” Origin of the collected parts should be determined as a good by a [general] [final] residual rule.

ISSUE No.5 in doc. OC0031:

CHANGE OF CLASSIFICATION BY VIRTUE OF THE APPLICATION OF THE SECOND PART OF GIR 2(A) - ASSEMBLY OF THE COLLECTED PARTS

OPTION A : Yes. (by an assembly definition)

Option A/1: (SG)

159. Any assembly from parts confers origin on the assembled goods.

160. The Chapter rule should be:

“Obtaining goods from parts by assembly, including sub-assembly, shall be considered as reflecting last substantial transformation.”

Option A/2: (MOR)

161. Any assembly resulting in a new good having new characteristics is considered to be substantial transformation.

162. The Chapter rule should be:

“An assembly operation resulting in a new good having new characteristics is considered to be substantial transformation.”

OPTION B: Yes, provided

Option B/1: (by a value added rule) (EC) (BRA – all goods of Chapters 84 and 86; Some goods of Chapters 85, 87 and 90) (TUR – some goods of Chapter 85) (AUS – goods of Chapter 87) (EGY – 85.28)

163. When the collected parts are assembled, provided that the required value added (40% (EGY), 45% (EC, BRA, TUR, AUS), 51% (BRA) or 60% (EC, BRA, AUS)) is achieved in that country as a result of working and processing and, if applicable, the incorporation of parts originating in that country, origin should be conferred on that article.

164. The proposed value added rules are as follows:

“the increase in value acquired as a result of working and processing and, if applicable, the incorporation of parts originating in the country of manufacture represents at least 60 (for some complete vehicles) or 45 (for others) percent of the ex-works price of the good is carried out” (EC) (TUR) (AUS)

“the increase in value acquired as a result of working and processing and, if applicable, the incorporation of parts originating in the country of manufacture represents at least 60% for all goods of Chapters 84 and 86; 60% for some goods of Chapter 85; 60% of some goods of Chapter 87; 45%, 51% or 60% for some goods of Chapter 90” (BRA)

“40% value added” (EGY) (SEN)

165. If neither the required value added nor the change of tariff classification rule is satisfied a [general] [final] residual rule is applied. (EC) (TUR) (BRA) (EGY)

166. Origin conferred by application of the value added rule should not be nullified by the negative standards for a non-origin-conferring assembly. When the required value added rule is not met or the value added rule is not set out, the “5 parts” rule, the specified process rule, the use of one originating part rule and a [general] [final] residual rule apply in sequence. (AUS)

Option B/2: (by a cascading approach) (US)

167. When a collection of parts occurred in one country, the individual parts shall retain their origin prior to such collection by application of a Chapter [Legal] Note. If the collected parts are assembled there is no change in classification after the assembly. Thus a change of classification rule is not applicable. Origin of the assembled good from the collected parts is determined by application of the “5 parts” rule with negative standards for a non-origin-conferring assembly, the specified processes with negative standards for a non-origin-conferring assembly, or the use of at least one originating part with negative standards for a non-origin-conferring assembly.

168. The Chapter [Legal] Note should be:

“[Where a change in classification results from the application of HS General Interpretative Rule 2(a) with respect to collections of parts that are presented as unassembled articles of another heading or subheading the individual parts shall retain their origin prior to such collection. (For goods assembled from collections of parts, Note 2.C shall apply.)]”

Option B/3: (by a Chapter Note and a change of tariff classification rule) (JPN) (CAN) (HK) (CH)

169. Assembly of the collected parts should be treated the same as assembly of separately imported parts. Application of a change of tariff classification rule should not be foregone depending on whether or not parts are presented together and satisfy the requirements of GIR 2(a). Therefore, a Chapter Note should be set out to deal with this question first, and a change of tariff classification rule determines origin of the collected parts.

170. The Chapter Note should be:

“A good assembled from a collection of parts that are classified by virtue of the application of GIR 2(a) in the same heading or subheading as the good shall have origin in the country where, subject to paragraph [next], the relevant rule or note set out in the Appendix is satisfied.

The change of classification that may be required by the relevant rule in the matrices is considered to have taken place in the country in which the good is assembled from the collection of parts.”

OPTION C: No (IND)

171. The legal requirements of the Harmonized System should be strictly observed in order to apply the Harmonized Rules of Origin. The Agreement provides that the change of tariff classification criterion should be based on the Harmonized System. This means that the HS is being used not only to identify a good by classification but also to judge whether or not a good undergoes a substantial transformation by a change of classification. Therefore if the HS is not sufficient for the origin determination purposes, supplementary criteria should be elaborated instead of modifying the HS. The Customs officials and traders are familiar with the current HS in force, thus if the HS is applied for the origin determination purposes different from the way which is applicable to the classification purposes, the Customs officials and traders would be confused.

172. A collection of parts, which has the essential character of the complete or finished article, is considered to have substantially transformed from individual parts, when these parts collected take a form of a set with a manual or an instructional document for assembly and a guarantee by the supplier.

173. Origin of these collections, even though finally assembled elsewhere, must be the country where they are collected and arranged as sets with a guarantee by the supplier; otherwise the same set would have different origin depending on the place where it is finally assembled.

ISSUE No.6 in doc. OC0031:

CHANGE OF CLASSIFICATION BY VIRTUE OF PACKAGING OR REPACKAGING OF GOODS

NOTE:

11. It should be noted that the proposed General Rule 5 (minimal operations or processes) provides one of the minimal operations or processes as follows:

“[(iii) operations or processes that concern the packaging or presentation of goods for sale.]”

12. This issue refers to a change of classification by virtue of packaging or repackaging. Therefore, this issue does not cover whether or not the “value acquired as a result of working or processing” includes the cost of packaging or repackaging. It should also be noted that the Secretariat (Tariff and Trade Affairs Directorate) is of the view (NC0008E1) that a repackaging would not lead to a change of classification. At its 23rd Session the HS Committee took note of this. However, to ensure that in all cases a packaging or repackaging cannot be considered as an origin conferring event a Chapter Note is proposed.

OPTION A: Yes.

13. If a change of classification by virtue of packaging and repackaging is not an origin conferring event, such a change should be explicitly excluded from a change of classification rule. Otherwise, once a change of tariff classification rule is set forth in the matrix and the rule is satisfied by any cause, origin should be conferred.

OPTION B: No. (US) (AUS) (SEN)

14. A change of classification by virtue of packaging and repackaging should not be considered as substantial transformation. Packaging and repackaging does not require any assembly or working or processing on the good itself. A good may be packed or repacked, but the good is still the same good.

15. The Chapter Note/Chapter Rule/Legal Note should be:

[Where a change in classification results from packaging or repackaging the origin of the good shall be the origin prior to such packaging or repackaging. (US) (AUS)]

ISSUE No.9 in doc. OC0031 :

CHANGE OF CLASSIFICATION BY VIRTUE OF: CHANGE OF USE

NOTE

16. It is understood that application of the HS GIR and other legal notes provides that the actual use of a good would not result in a re-classification. It should also be noted that the Secretariat (Tariff and Trade Affairs Directorate) is of the view (NC0008E1) that a change of use of a good would not lead to a change of classification. At its 23rd Session the HS Committee took note of this. However, to ensure that in all cases a change of use cannot be considered as an origin conferring event a Chapter Note is proposed.

17. This issue is different from the issue of modification of goods. Modification is considered as part of assembly processes; a change of use is considered to be a case caused by a cross-border transfer of goods which might be classified in a different heading or subheading depending on the intended use in the importing country.

OPTION A : Yes.

18. So far there is no Member who supports this option. However, the TCRO has not decided yet that a change of classification by a change of use is not an origin conferring event.

OPTION B : No.

19. A change of classification by virtue of a change of use is not considered as substantial transformation.

20. The Chapter Note/Chapter Rule/Legal Note should be :

[a change of classification which results from the change of use of the good shall not be considered as the change required by the rule set forth in the matrix. (SEN)]

ISSUE No.11 in doc. OC0031:

ORIGIN OF A DISASSEMBLED OR RECOVERED PART OR A REMOVED ARTICLE FROM THE GOOD THAT WOULD HAVE PERFORMED ITS ORIGINAL PURPOSE OR WOULD HAVE BEEN RESTORED OR REPAIRED

NOTE

21. It has been agreed that disassembly is not an origin conferring event. This issue deals with origin of a disassembled (recovered) part or a removed article from the good that would have performed its original purpose or would have been restored or repaired. Thus this issue covers parts or articles which are not subject to Definitions f), g) and h) of the wholly obtained goods.

22. Chapter Note/Rule was proposed to cover this issue as follows:

“Disassembly (*not origin conferring*)

A change of classification which results from the disassembly of the good shall not be considered as the change required by the rule set forth in the matrix. **(Basket 1)**

[(1) A change of classification which results from the disassembly of the good that can perform its original purpose shall not be considered as the change required by the rule set forth in the matrix. The parts recovered from the good shall retain the country of origin of the good prior to disassembly.

(2) A change of classification which results from the disassembly of the good that cannot perform its original purpose without being restored or repaired shall not be considered as the change required by the rule set forth in the matrix. The country of origin of the recovered parts shall be (one among the following options (US):

[(a) the country where the parts are recovered] (SEN)

[(b) the country of origin of the good from which the parts are recovered] (CAN)

[(c) the initial country of origin of the parts]. (IND)]”

OPTION A: (by Chapter Note/Rule (a)) (SEN)

23. A change of classification which results from the disassembly of the good that would have performed its original purpose or would have been restored or repaired shall not be considered as the change required by the rule set forth in the matrix. However, the parts recovered from the good or the articles removed from the good should have origin in the country where the parts or the articles are recovered. This approach is the most practical and administratively less burdensome. This approach is the same as Definition (h), Alternative 1 of the wholly obtained goods. (*Disassembly confers origin on the disassembled goods.*)

OPTION B: (by Chapter Note/Rule (b)) (CAN)

24. A change of classification which results from the disassembly of the good that would have performed its original purpose or would have been restored or repaired shall not be considered as the change required by the rule set forth in the matrix. The parts recovered from the good or the articles removed from the good shall retain the country of origin of the good prior to disassembly. If disassembly does not confer origin on a disassembled good this approach should be taken. The proposed rule (c) is difficult to implement, due to the fact that not all parts or articles have the marking of the country of origin.

OPTION C: (by Chapter Note/Rule (c)) (IND)

25. A change of classification which results from the disassembly of the good that would have performed its original purpose or would have been restored or repaired shall not be considered as the change required by the rule set forth in the matrix. The parts recovered from the good or the articles removed from the good shall retain the initial country of origin of the parts or the articles. If disassembly does not confer origin on a good this approach is theoretically correct. When the country of origin of the part or article is marked on its surface, this approach does not confuse the manufacturers or traders.

OPTION D: (by application of Appendix 2, Rule 2) (EC)

26. A change of classification which results from the disassembly of the good that would have performed its original purpose or would have been restored or repaired shall not be considered as the change required by the rule set forth in the matrix. It is not necessary to have a provision in the Chapter Notes/Rules to deal with this issue. The origin of the parts recovered from the good or of the articles removed from the good is determined by a [general] [final] residual rule set forth in Appendix 2, Rule 2. [A rule to be finalised]

ANNEX IJ

As decided by the Technical Committee, Doc. OC0021 relating to the Permanent Responsibilities of the Technical Committee is reproduced as Annex IJ to the Report on the 17th Session.

Introduction

1. This paper has been prepared by the Secretariat to provide the Technical Committee with background information and suggestions on the tasks entrusted to the Technical Committee as “permanent responsibilities” under the Agreement. The Technical Committee’s permanent responsibilities are rather broadly stated in Appendix 1 to the Agreement on Rules of Origin (the Agreement); this paper is intended to help the Technical Committee in preparing a concrete programme of work to meet its responsibilities under the Agreement.

Assignment of Responsibilities under the Agreement

2. The basic institutional arrangements of the Agreement are set out in Art. 4, subparagraphs 1 and 2, which provide respectively for the establishment of the Committee on Rules of Origin (the Committee) and the Technical Committee on Rules of Origin (the Technical Committee). Each committee is authorized to request information and advice from the other, and to request work from the other appropriate for the furtherance of the objectives of the Agreement. Apart from work which might be requested of it by the Committee, Art. 4 specifies the Technical Committee’s responsibilities as those enumerated in Art. 9 (harmonization) and Appendix 1 to the Agreement.

3. During the course of the Harmonization Work Programme (HWP) the Technical Committee has been obliged to devote substantially all of its resources to preparing harmonized non-preferential rules of origin. Art. 9 of the Agreement sets out the terms of reference under which the Technical Committee fulfills its responsibilities for the HWP.

4. The Technical Committee is also assigned, pursuant to Annex 1 of the Agreement, certain permanent responsibilities, which are in addition to those under the HWP. These permanent responsibilities include the following:

- (a) At the request of any Member of the Technical Committee, to examine specific technical problems that may arise in the day-to-day administration of rules of origin and to give advisory opinions on appropriate solutions based upon the facts presented;
- (b) To furnish information and advice on any matters concerning the origin determination of goods as may be requested by any Member or the Committee;
- (c) To prepare and circulate periodic reports on the technical aspects of the operation and status of the Agreement;
- (d) To review annually the technical aspects of the implementation and operation of Part II (Disciplines to govern the application of Rules of Origin) and Part III (Procedural Arrangements) of the Agreement;

5. The Technical Committee is also mandated pursuant to Appendix 1 to take up such other responsibilities as the Committee on Rules of Origin may request of it.

6. Separately enumerated in Art. 6 of the Agreement, but closely related to the Appendix 1 permanent responsibilities, is the responsibility of the Technical Committee, in Co-operation with the Committee, to set up and administer a review mechanism to consider and propose amendments to the harmonized rules of origin. The Technical Committee’s role in this mechanism for review and amendment is to prepare the technical basis for this work. Review and amendment is a permanent feature in the administration of the instrument to take on board new operational and technological requirements.

7. The subject-matter of the Technical Committee's permanent responsibilities as enumerated in Annex 1 of the Agreement may therefore be understood to consist of:

- specific technical problems arising in day-to-day administration of rules of origin;
- the origin determination of goods;
- technical aspects of the operation and status of the Agreement; and finally,
- technical aspects of the implementation and operation of the transitional and post-transitional disciplines (set out in Part II, Arts. 2 & 3), as well as technical aspects of the implementation and operation of the procedural arrangements on notification, review, consultation and dispute settlement (set out in Part III, Arts. 4-8).

8. In the context of the Agreement as a whole and its objectives, and in the context of Art. 6, the Technical Committee will also have ongoing responsibility for the technical aspects of the review and amendment mechanism. In practice, there may be considerable overlap between the tasks enumerated as permanent responsibilities in Appendix and the work of review and amendment under Art. 6.

9. In sum, the Technical Committee has particular responsibility for the technical aspects of implementation and administration of the harmonized rules of origin, the related disciplines, and the institutional arrangements. In major part these responsibilities are already assigned under the Agreement, and it is now appropriate for the Technical Committee to consider how they are to be taken up.

Identifying the Technical Committee's Priorities for Implementation and Administration

10. As it approaches completion of its assignment under the HWP, and the end of the Agreement's transitional period, the Technical Committee's permanent responsibilities with respect to implementation and administration of the harmonized rules of origin will assume greater importance. The WCO, in keeping with its responsibilities under the CCC Convention to examine the technical aspects of Customs systems with a view to proposing practical means of attaining the highest possible degree of harmony and uniformity, intends to devote substantial resources to matters of implementation and administration.

11. Members might find it helpful to identify two categories of tasks: 1) those which must be completed to ensure implementation; and 2) those which relate more to the long term institutional arrangements for administration. It seems obvious as a matter of timing that steps to further understanding and international acceptance of the harmonized rules of origin as an instrument should have the first priority. Setting up the mechanisms to support long term administration of the instrument could be treated as a separate phase. In suggesting this distinction between implementation and administration the Secretariat recognizes that some of the specific tasks will have a bearing upon the achievement of both objectives. There may thus be a degree of overlap in the itemized tasks suggested.

Scenarios for Implementation of the Harmonized Rules of Origin

12. The final phases of the HWP – decisions on unresolved questions, endorsements of agreed texts, and the final review for overall coherence – will be principally the responsibility of the Committee on Rules of Origin. In the context of the HWP the Technical Committee may be called upon by the Committee to refine or elaborate its work or to develop new approaches in accordance with Art. 9 paragraph 3.

13. As a matter of prudence and good management, the Technical Committee should, while the HWP is still in its final phases, focus on its permanent responsibilities in respect of implementation of the Harmonized Rules of Origin. Drawing upon Parts II and III of the Agreement (Arts. 3 through 8),

it would appear that the technical aspects of implementation which are not encompassed within the HWP itself include the following tasks:

- Assessing whether the necessary mechanisms are in place within Customs Administrations to ensure that the rules can be administered with consistency, uniformity, impartiality and reasonableness. As part of this task, the Technical Committee and WCO could serve as a resource for Members as they prepare domestic implementing legislation.
- Preparing practice manuals and/or user guides. Such publications would be of benefit both to Customs Administrations and to other users of the Harmonized Rules of Origin.
- Studying and preparing recommendations on the use of documentation in origin determinations. Some Members are familiar with origin systems which rely upon certificates of origin, while others have indicated that standard commercial information includes all the requisites. Implementation of these rules would be much facilitated by the adoption of definite policies on this issue.
- In co-operation with the Committee, setting up a review mechanism to consider amendments to the rules.
- Preparing recommendations as to how the Technical Committee might be of assistance in consultation and dispute settlement proceedings.

14. The Technical Committee's overall approach to implementation of the Harmonized Rules of Origin will need to take account both of the needs of Customs Administrations and of the many different kinds of users of the rules, i.e., exporters, importers, manufacturers, investors and others. Even though the instrument itself will have been designed to promote the objectives of the Agreement, the implementation phase will offer many further opportunities for the Technical Committee to promote the fulfilment of those objectives.

Permanent Responsibilities of Administration

15. The Technical Committee and WCO are well situated to provide an institutional structure for the maintenance and administration of the harmonized rules of origin as a technical instrument. The overall role of the Technical Committee might be seen as quite comparable to those of the Harmonized System Committee and the Technical Committee on Customs Valuation.

16. The review mechanism to be established pursuant to Art. 6 of the Agreement in co-operation with the Committee will be a key feature of the permanent institutional structure. To a considerable extent, operational issues and technological changes in production processes will prompt proposals for amendment. The Technical Committee would likely assume substantial responsibility for assessing and preparing the appropriate amendments. The Technical Committee has already discussed in the context of the overall architecture a mechanism to reflect amendments to the HS in the origin rules; this consideration needs to be extended to amendments reflecting operational considerations and technological changes. In respect of the relationship between the HS and the rules of origin, the WCO Secretariat would be in a position to propose mechanisms for the consideration of both the Technical Committee and the Harmonized System Committee. As previously noted in the Technical Committee, synchronization and the use of common criteria would appear to be of benefit.

17. There is thus a present requirement for the Technical Committee to develop the terms of reference under which it would carry out this work of regular review under Art. 6.

18. Relatedly, but as separately provided for in Art. 1 of Appendix 1 to the Agreement, the Technical Committee is permanently responsible for: 1) examining, at the request of any Member of the Technical Committee, specific technical problems of day-to-day administration and giving

advisory opinions on appropriate solutions; and 2) providing information and advice on any matters concerning origin determination as may be requested by any Member of the Committee. Here the Technical Committee has responsibilities similar to those of the Harmonized System Committee in its preparation of classification decisions and the Technical Committee on Customs Valuation in its preparation of advisory opinions. Over time, the Technical Committee might be expected, through the accumulation of experience and precedents, to deepen its role as the key institution on technical matters of administration. It would become, under the auspices of the WCO, a depository of documentary resources and would take responsibility for appropriate dissemination of such materials.

19. Another kind of specific technical task might be assigned to the Technical Committee. Still to be determined in consultation with the Committee is whether, and if so, to what extent, the Technical Committee might provide support to the WTO consultation and dispute settlement procedures for rules of origin. It is noted that under the Valuation Agreement a party to a dispute or a panel may request the Technical Committee on Customs Valuation to examine questions requiring technical consideration

Conclusion

20. The Technical Committee is invited to examine the observations and suggestions set out above, and to instruct the Secretariat as to the preparation of appropriate working documents for examination in future sessions.
