

APPENDIX 1 TO ANNEX V

INTRODUCTORY NOTES TO THE LIST IN APPENDIX 2

Note 1:

The list sets out the conditions required for all products to be considered as sufficiently worked or processed within the meaning of Article 5 of Annex V.

Note 2:

- 2.1 Column 1 mentions the subheading, heading or chapter used in the Harmonized System. Column 2 mentions the description of the products. For each entry in the first two columns, a rule is specified in columns 3 or 4.
- 2.2 The rules specified in columns 3 or 4 apply to products classified within the relevant chapters, headings or subheadings of the Harmonized System, as mentioned in column 1 and described in column 2.
- 2.3 Where there are different rules in the list applying to different products within a heading, each indent contains the description of that part of the heading covered by the adjacent rules in columns 3 or 4.
- 2.4 Where, in some cases, the entry in column 1 is preceded by an 'ex', this signifies that the rules in columns 3 or 4 apply only to the part of that chapter or heading as described in column 2.
- 2.5 Where, for an entry in the first two columns, a rule is specified in both columns 3 and 4, either one may be applied. If no origin rule is given in column 4, the rule set out in column 3 shall be applied.
- 2.6 Where a rule of origin in column 3 or 4 excludes materials classified in certain chapters, headings, or subheadings of the Harmonized System, those materials must be originating for the products to qualify as originating.

Note 3:

- 3.1 The provisions of Article 5 of Annex V, concerning products having acquired originating status which are used in the manufacture of other products, shall apply, regardless of whether this status has been acquired inside the factory where these products are used or in another factory in a Party.

Example: A handsaw of heading 8202.10, for which the rule states that the value of the non-originating materials used may not exceed 50 per cent of the ex-works price, is made from blades of 8202.90. If the insertion of the blades has been undertaken in the Party concerned from non-originating blades, and this processing leads to the fact that the blades have already, themselves, acquired

originating status by virtue of the rule for chapter 82, the blades can then count as fully originating in the value-calculation for the handsaw, regardless of whether they were produced in the same factory or in another factory in the Party concerned. The value of the non-originating blade is thus not to be taken into account when adding up the value of the non-originating materials used.

- 3.2 The rule in the list represents the minimum amount of working or processing required, and the carrying out of more working or processing also confers originating status; conversely, the carrying-out of less working or processing cannot confer originating status. Thus, if a rule provides that non-originating material, at a certain level of manufacture, may be used, the use of such material at an earlier stage of manufacture is allowed, and the use of such material at a later stage is not.
- 3.3 Without prejudice to Note 3.2, where a rule uses the expression "Manufacture from materials of any heading", then materials of any heading(s) (even materials of the same description and heading as the product) may be used, subject, however, to any specific limitations which may also be contained in the rule.
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