

RULES OF ORIGIN BASED ON
PAN –EURO- MEDITERRANNEAN PREFERENTIAL RULES OF
ORIGIN

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Legal basis

- ❑ Article 37. of the Customs Law („OJL of the RS“, no's 18/10, 111/12 and 29/15)

Preferential rules of origin shall:

- In the case of goods covered by the FTAs, be determined in those agreements; and
- In the case of goods benefiting from the unilateral preferential tariff measures adopted by the Republic of Serbia applicable to other countries, be determined in accordance with the regulation adopted by the Government

An overview of FTAs

| FTA | Official Gazette | Rules of origin |
|---|--|--|
| Stabilisation and association Agreement between the European Communities and their Member States of the one part, and the Republic of Serbia, of the other part | „Official Gazette of the Republic of Serbia - International Agreements ”, No 83/08 | Protocol 3 |
| Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA 2006) | „Official Gazette of the Republic of Serbia”, No 88/07 and „Official Gazette of the Republic of Serbia - International Agreements” ” No 8/11 | Annex 4 |
| Free trade Agreement between the Republic of Serbia and the Republic of Turkey | „Official Gazette of the Republic of Serbia - International Agreements ” No 105/09 | Protocol II |
| Free trade Agreement between the EFTA States and the Republic of Serbia | „Official Gazette of the Republic of Serbia - International Agreements ” No 6/10 | Protocol B |
| Free Trade Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Russian Federation of 28 August 2000 | „Official Gazette of the Social Republic of Yugoslavia - International Agreements ” No. 1/2001 and „Official Gazette of the Republic of Serbia - International Agreements ”105/09 and 8/2011 | Annex 3 to the to the Protocol on Exceptions from the Free Trade Regime and Rules on Determination of the Country of Origin of Goods |
| Free trade Agreement between the Government of the Republic of Serbia and the Government of the Republic of Belarus | „Official Gazette of the Republic of Serbia - International Agreements ” No 105/09 | Annex B |
| Free trade Agreement between the Government of the Republic of Serbia and the Government of the Republic of Kazakhstan | „Official Gazette of the Republic of Serbia - International Agreements ” No 11/10 | Annex 3 |

Rules of origin of goods applicable in preferential trade between Serbia and EU, CEFTA Parties, Turkey and EFTA States

- In FTAs concluded between :
- Serbia and EU,
- CEFTA 2006 (Serbia, Albania, Montenegro, Bosnia and Herzegovina, Macedonia, Moldova and Kosovo*),
- Serbia and Turkey and
- Serbia and EFTA States (Switzerland, Lichtenstein, Norway and Island)
- pan – euro – Mediterranean preferential rules of origin are applicable

Unique criteria's for acquiring of preferential origin

General conditions for the application of preferential treatment

- Preferences for relevant goods are provided in FTA,
- Goods fulfill the conditions of origin provided in relevant Protocol of origin,
- Compliance with the conditions shall be proved by submitting proof of origin

Basic rules for acquiring the origin of goods

- Wholly obtained goods
- Sufficiently worked or processed goods
- Diagonal cumulation of origin

Wholly obtained goods

All natural resources: animals, plants or minerals that are above or below ground, or inside the territorial water or in the atmosphere of the Party concerned.

The term "wholly obtained" does not imply the exclusion of imported components

Sufficiently worked or processed goods

- Goods obtained in the Contracting Party incorporating materials which have not been wholly obtained there provided that such materials have undergone sufficient working or processing in that Contracting Party. Sufficiently worked means sufficiently worked according to the specifications of the list rules
- List of working or processing required to be carried out on non-originating materials in order for the product manufactured to obtain originating status
- First column: HS heading or chapter
- Second column: description of the goods
- Third and fourth column: **Rules:**
 - change of tariff heading (at the 4 digit level)
 - percentage rule (the ratio of the customs value of non-originating materials and ex-works price of the exporting product)
 - production rule (prescribed kind of material or production process)
 - combination of above mentioned rules
- The general tolerance rule - non-originating materials, which according to the conditions set out in the List, should not be used in the manufacture of a product, may be used, provided that their total value does not exceed 10 % of the ex works price of the product

Rule for 8505 19 10 and 8505 90 20

Permanent magnets of agglomerated ferrite and Electromagnets

| HS heading | Description of product | Working or processing, carried out on non-originating materials, which confers originating status | |
|---------------|--|--|--|
| (1) | (2) | (3) | or (4) |
| ex Chapter 85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles; | Manufacture: — from materials of any heading, except that of the product, and — in which the value of all the materials used does not exceed 40 % of the ex-works price of the product | Manufacture in which the value of all the materials used does not exceed 30 % of the ex-works price of the product |

Rule for 8504 50 95 90

Other inductors

| HS heading | Description of product | Working or processing, carried out on non-originating materials, which confers originating status | |
|------------|---|--|--------|
| (1) | (2) | (3) | or (4) |
| ex8504 | Power supply units for automatic <u>dataprocessing</u> machines | Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the product | |

Rule for 8501 10 93 00

AC motors

| HS heading | Description of product | Working or processing, carried out on non-originating materials, which confers originating status | |
|------------|--------------------------------|--|--|
| (1) | (2) | (3) | or (4) |
| 8501 | Electric motors and generators | Manufacture in which: — the value of all the materials used does not exceed 40 % of the <u>exworks</u> price of the product, and — within the above limit, the value of all the materials of heading 8503 used does not exceed 10 % of the ex-works price of the product | Manufacture in which the value of all the materials used does not exceed 30 % of the ex-works price of the product |

Rule for 8536 41 90 00

Relays for a current exceeding 2 A

| HS heading | Description of product | Working or processing, carried out on non-originating materials, which confers originating status | |
|------------|--|--|---|
| (1) | (2) | (3) | or (4) |
| 8536 | <p>Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits for a voltage <u>not exceeding 1 000 V</u>; connectors for optical <u>fibres</u>, optical <u>fibre</u> bundles or cables:</p> <p>-Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits for a voltage not exceeding 1 000 V</p> <p>- Connectors for optical <u>fibres</u>, optical <u>fibre</u> bundles or cables</p> <p>-- of plastics</p> <p>-- of ceramics</p> | <p>Manufacture in which:</p> <p>- the value of all the materials used does not exceed 40 % of the <u>exworks</u> price of the product, and</p> <p>- within the above limit, the value of all the materials of heading 8538 used does not exceed 10 % of the ex-works price of the product</p> <p>Manufacture in which the value of all the materials used does not exceed 50 % of the ex-works price of the product</p> <p>Manufacture from materials of any heading, except that of the product</p> | <p>Manufacture in which the value of all the materials used does not exceed 30 % of the ex-works price of the product</p> |

Diagonal cumulation of origin

- Cumulation is a system that allows contracting parties to use originating products from each other and treat them as domestic for the purpose of producing final product with originating status. The final product is intended for export within the cumulation zone
- Diagonal cumulation **operates between more than two countries** provided they have FTAs containing identical origin rules and provision for cumulation between them. As with bilateral cumulation, only originating products or materials can benefit from diagonal cumulation
- Although more than two countries can be involved in the manufacture of a product it will have the origin of the country where the last working or processing operation took place, provided that it was more than a minimal operation

Parties involved in cumulation

| FTA | Parties involved in cumulation |
|--------------------------|---------------------------------|
| CEFTA | CEFTA, EU, Turkey, EFTA |
| SAA | Serbia, EU, CEFTA, Turkey, |
| FTA Serbia - Turkey | Serbia, Turkey, EU, CEFTA, |
| FTA Serbia – EFTA States | Serbia, EFTA, EU, Turkey, CEFTA |

Requirements for applying cumulation

The diagonal cumulation may be applied only if:

- preferential trade agreement is applicable between the Contracting Parties involved in the acquisition of the originating status and the Contracting Party of destination;
- rules of origin are identical in these agreements; and
- notices indicating the fulfilment of the necessary requirements to apply cumulation have been published in the Official Journal of the European Union (C series) and in the Contracting Parties which are party to the relevant Agreements, according to their own procedures.

Other rules for acquiring the origin of goods

Principle of territoriality

- The conditions for acquiring originating status of the goods shall be fulfilled without interruption in the exporting Contracting Party.

Exception:

- ✓ where originating goods exported from a Contracting Party to another country return, they shall be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that the returning goods are the same as those exported
- ✓ the total added value acquired outside the exporting Contracting Party does not exceed 10 % of the ex-works price of the end product for which originating status is claimed (except for the textile products)

Other rules for acquiring the origin of goods

Direct transport rule

- Goods must be transported directly between or through the territories of the Contracting Parties with which cumulation is applicable

However, goods may be transported through other territories provided that:

- ✓ they constituting one single consignment,
- ✓ they remain under the surveillance of the customs authorities in the country of transit or warehousing and
- ✓ do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition
- ✓ evidence that the conditions have been fulfilled shall be issued by the customs authority of the country of transit

Other rules for acquiring the origin of goods

Exhibitions

- Originating goods, sent for exhibition in a third country and sold after the exhibition for importation in a Contracting Party, shall retain preferential status, provided it is shown to the satisfaction of the customs authorities that:
 - ✓ goods have not been altered, undergone working or differs from products which left the territory of the Contracting Parties,
 - ✓ goods have not used for any purpose other than demonstration at the exhibition
 - ✓ the goods have been consigned during the exhibition or immediately thereafter in the state in which they were sent for exhibition

Other rules for acquiring the origin of goods

Prohibition of drawback of, or exemption from, customs duties

- ✓ Non originating materials used in the manufacture of originating products shall not be subject in the exporting Contracting Party to drawback of, or exemption from, customs duties of whatever kind
- ✓ Non originating materials are subject to customs duties when exporting the final product and not when they are retained for home use there
- ✓ This rule shall also apply in respect of packaging, accessories, spare parts and tools and products in a set when such items are non-originating.

Proofs of origin

- Products originating in one of the Contracting Parties shall, on importation into other Contracting Parties, benefit from the provisions of the relevant Agreement upon submission of one of the following proofs of origin:
 - a movement certificate **EUR.1** or
 - "**origin declaration**" given by the authorized exporter or any other exporter for the goods whose value does not exceed 6.000 euros. It can be on an invoice, a delivery note or any other commercial document which describes the products concerned in sufficient detail to enable them to be identified
- A movement certificate EUR.1, shall be issued by the competent customs authority of the Republic of Serbia, at the request of the Party concerned.
- A proof of origin shall be valid for four months from the date of issue in the exporting Contracting Party, and shall be submitted within that period to the customs authorities of the importing Contracting Party
- Subsequent verifications of proofs of origin shall be carried out at random or whenever the customs authorities of the importing Contracting Party have reasonable doubts as to the authenticity of such documents or the originating status of the products concerned.

Thank you!

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