

This document contains the consolidated text resulting from the 30th round of negotiations (6-10 November 2017) on rules of origin in the Trade Part of the EU-Mercosur Association Agreement. This is without prejudice to the final outcome of negotiations. Both sides reserve the right to make subsequent modifications to their proposals.

Modified on 06 10 2017

EUROPEAN UNION-MERCOSUR

NEGOTIATIONS

TRADE GROUP

TECHNICAL GROUP 1

RULES OF ORIGIN

COMMON INTEGRATED NEGOTIATING TEXT

TITLE I
GENERAL PROVISIONS*Article 1*
Definitions

For the purposes of this Protocol:

- (a) "manufacture" means any kind of working or processing including assembly or specific operations;
- (b) "material" means any raw material, component or part, etc., used in the manufacture of the product;
- (c) 'fungible materials' means materials that are of the same kind and commercial quality, with the same technical and physical characteristics, and which cannot be distinguished from one another once they are incorporated into the finished product;
- (d) "product" means the manufactured or finished product, even if it is intended for later use in another manufacturing operation;
- (f) (e) "goods" means both materials and products; "customs value" means the value as determined in accordance with the 1994 Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade (WTO) Agreement on customs valuation;
- (g) "ex-works price" means the price paid for the product ex works to the manufacturer in the European Union or Mercosur in whose undertaking the last working or processing is carried out, provided the price includes the value of all the materials used, minus any internal taxes which are, or may be, repaid when the product obtained is exported;
- (h) "value of materials" means the customs value at the time of importation of the non-originating materials used including the freight and insurance to the place of introduction into the EU or MERCOSUR or, if this is not known and cannot be ascertained, the first ascertainable price paid for the materials in the European Union or Mercosur;
- (i) "value of originating materials" means the value of such materials as defined in subparagraph (g) applied mutatis mutandis;
- (j) "chapters", "headings" and "subheadings" mean the chapters (two-digit codes) and the headings (four-digit codes) and subheadings (six digit codes) used in the nomenclature which makes up the Harmonized Commodity Description and Coding System, referred to in this Protocol as "the Harmonized System" or "HS";
- (k) "classified" refers to the classification of a product or material under a particular heading or subheading;
- (l) "consignment" means products which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or in the absence of such a document, by a single invoice.

(m) “customs authority or competent governmental authority” refers to the customs authorities in the European Union and to the competent authorities in Argentina, Brazil, Paraguay and Uruguay.

TITLE II

DEFINITION OF THE CONCEPT OF “ORIGINATING PRODUCTS”

Article 2

General requirements

1. For the purpose of implementing Chapter 1 of Title X of this Agreement, the following products shall be considered as originating in the European Union:
 - (a) products wholly obtained in the European Union within the meaning of Article 4;
 - (b) products obtained in the European Union incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in the European Union within the meaning of Article 5;
2. For the purpose of implementing Chapter 1 of Title X of this Agreement, the following products shall be considered as originating in Mercosur:
 - (a) products wholly obtained in Mercosur within the meaning of Article 4;
 - (b) products obtained in Mercosur incorporating materials which have not been wholly obtained there, provided that such materials have undergone sufficient working or processing in Mercosur within the meaning of Article 5.

Article 3

Bilateral cumulation of origin

1. Goods originating in the European Union shall be considered as goods originating in Mercosur when incorporated into a product obtained there. It shall not be necessary that such goods have undergone sufficient working or processing, within the meaning of Article 5, provided they have undergone working or processing going beyond the operations referred to in Article 6.
2. Goods originating in Mercosur shall be considered as goods originating in the European Union when incorporated into a product obtained there. It shall not be necessary that such goods have undergone sufficient working or processing, within the meaning of Article 5, provided they have undergone working or processing going beyond the operations referred to in Article 6.

Article 4
Wholly obtained products

1. The following shall be considered as wholly obtained products either in the European Union or in Mercosur¹:

- (a) mineral products and other natural substances extracted from their soil or from their seabed;
- (b) plants and vegetable products grown or harvested there;
- (c) live animals born and raised there;
- (d) products from live animals raised there;
- (e) products from slaughtered animals born and raised there;
- (f) products obtained by hunting or fishing conducted there;
- (g) products of aquaculture where the fish, crustaceans, molluscs and other aquatic invertebrates are born and raised there;
- (h) [MCS: products of fishing and other products taken from the sea within the Exclusive Economic Zones of the Parties, as defined in the 1982 United Nations Convention on the Law of the Sea (UNCLOS) and in the laws and regulations of the respective Signatory Party]
- (i) [MCS: products of fishing and other products taken from the sea within the Continental shelf of the Parties, as defined in the 1982 United Nations Convention on the Law of the Sea (UNCLOS) and in the laws and regulations of the respective Signatory Party]
- (j) products of fishing and other products taken from the [MCS: high seas] [EU: sea outside any territorial seas] by their vessels;
- (k) products made aboard their factory ships exclusively from products referred to in subparagraph (j);
- (l) products extracted from seabed or subsoil [of the Exclusive Economic Zone of the Parties, as defined in the 1982 United Nations Convention on the Law of the Sea (UNCLOS) and in the laws and regulations of the respective Signatory Party] MCS;
- [(12) products extracted from seabed or subsoil of the Continental Shelf of the Parties, as defined in the 1982 United Nations Convention on the Law of the Sea (UNCLOS) and in the laws and regulations of the respective Signatory Party] MCS;
- [(13) products extracted from seabed or subsoil] MCS outside the [territorial seas] EU [Continental Shelf of the Parties] MCS, provided that they have sole rights to work that soil or subsoil , in accordance with United Nations Convention on the Law of the Sea (UNCLOS).
- (m) used articles collected there fit only for the recovery of raw materials,
- (n) waste and scrap resulting from manufacturing operations conducted there²;

1 Clause depends on content of Article XXX:6.[EU to double check on the need of this footnote]

Mercosur proposal	Draft common text	EC proposal
(o)	goods produced there exclusively from the products specified in subparagraphs (a) to (n) .	

2. The terms "their vessels" and "their factory ships" in subparagraphs 1(j) and (k) shall apply only to vessels and factory ships:

(a) which are registered in a Member State of the European Union or in Mercosur [MCS: and have fishing licences issued by a member state of MERCOSUR or the European Union in the name of fishing companies duly (registered to operate / incorporated) in that member state]

(b) which sail under the flag of a [MCS: of the same registering] Member State of the European Union or of Mercosur [MCS: or, in the case of chartered vessels, the fishing licenses are issued by the same Member State in which the vessel is chartered;]

(c) which meet one of the following conditions:

(i) they are at least 50% owned by nationals of the Member States of the European Union or MERCOSUR; or

(ii) they are owned by companies which have their head office and their main place of business in the Member States of the European Union or MERCOSUR and which are at least 50% owned by Member States of the European Union or MERCOSUR or public entities or nationals of the Member States of the European Union or MERCOSUR;

[MCS: or, (iii) they have at least 50% of the crew members as nationals of Member States of the European Union or of Mercosur.]

[EU: (d) of which the master and officers are nationals of Member States of the European Union or of Mercosur; and

(e) of which at least 75 per cent of the crew are nationals of Member States of the European Union or of Mercosur.]

Article 5

Sufficiently worked or processed products

1. For the purposes of Article 2, products which are not wholly obtained are considered to be sufficiently worked or processed when the conditions set out in the list in Annex II are fulfilled.³

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

2 Provisions of letters (m) and (o) are without prejudice to national legislation regarding the import of the goods mentioned therein.

3 Such conditions may inter alia consist of: value related criteria; change of tariff classification; prohibition of using certain non-originating materials; specific operations; a combination of any of the above; or any other requirement set out in Annex II.

shall be taken of the non-originating materials which may have been used in its manufacture.

2. Notwithstanding paragraph 1, non-originating materials which, according to the conditions set out in the list in Annex II, should not be used in the manufacture of a product may nevertheless be used, provided that:

- (a) their total value does not exceed 10 per cent of the ex-works price of the product;
- (b) any of the percentages given in the list for the maximum value or weight of non-originating materials are not exceeded through the application of this paragraph.

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

3. Paragraphs 1 and 2 shall apply except as provided in Article 6.

Article 6

Insufficient working or processing operations

1. Without prejudice to paragraph 2, the following operations shall be considered as insufficient working or processing to confer the status of originating products, whether or not the requirements of Article 5 are satisfied:

- (a) preserving operations to ensure that the products remain in good condition during transport and storage;
- (b) changes of packaging and breaking-up and assembly of packages;
- (c) washing, cleaning, the removal of dust, oxide, oil, paint or other coverings;
- (d) ironing or pressing of textiles;
- (e) simple painting and polishing operations;
- (f) husking, partial or total bleaching, polishing, and glazing of cereals and rice;
- (g) operations to colour or flavour sugar or form sugar lumps; partial or total milling of crystal sugar;
- (h) peeling, stoning and shelling, of fruits, nuts and vegetables;
- (i) sharpening, simple grinding, separating or simple cutting;

- (j) sifting, screening, sorting, classifying, grading, matching; (including the making-up of sets of articles);
- (k) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;
- (l) affixing or printing marks, labels, logos and other similar signs on products or their packaging;
- (m) simple mixing of products, whether or not of different kinds; mixing of sugar with any material;
- (n) simple assembly of non-originating parts to constitute a complete product or disassembly of products into parts;
- (o) simple addition of water or dilution or dehydration or denaturation of products;
- (p) a combination of two or more operations specified in subparagraphs (a) to (o);
- (q) slaughter of animals.

2. All operations carried out either in the European Union or in Mercosur on a given product shall be taken into account when determining whether the working or processing undergone by that product is to be regarded as insufficient within the meaning of paragraph 1.

3. For the purposes of paragraph 1, operations shall be considered simple when neither special skills nor machines, apparatus or tools especially produced or installed for those operations are required for their performance.

Article 7

Unit of qualification

1. The unit of qualification for the application of the provisions of this Protocol shall be the particular product as classified in accordance with the nomenclature of the Harmonised System.

Accordingly, it follows that:

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

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

2. Where, under General Rule 5 of the Harmonised System, packaging is included with the product for classification purposes, it shall be included for the purposes of determining origin. Any other packaging shall not be included for the purposes of determining origin.

Article 8

Accessories, spare parts and tools

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

Article 8 bis

Accounting segregation

1. Where fungible originating and non-originating materials are used in the manufacture of a product, those materials shall be physically segregated, according to their origin, during storage.

2. However, physical segregation of fungible originating and non-originating materials is not needed in the manufacture of a product, when the origin of the products is determined pursuant to the so-called “accounting segregation” method for managing stocks.

3. This method is recorded and applied in accordance with the generally accepted accounting principles applicable in the Party where the product is manufactured.

4. The accounting segregation method may be used only if it can be ensured that, at any time, no more products receive originating status than would be the case if the materials had been physically segregated.

5. A Party may require that the application of the accounting segregation method referred to in paragraph 2 is subject to a prior authorisation by their customs authorities. The customs authorities may grant the authorisation subject to any conditions deemed appropriate and, in that case, they shall monitor the use of the authorisation and may withdraw it at any time whenever the beneficiary of the authorization makes improper use of it in any manner or fails to fulfil any of the other conditions laid down in this Protocol.

*Article 9***Sets**

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

*Article 10***Neutral elements**

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

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

TITLE III**TERRITORIAL REQUIREMENTS***Article 11***Principle of territoriality**

1. The conditions set out in Title II relating to the acquisition of originating status must be fulfilled without interruption in the European Union or Mercosur.
2. If originating goods exported from the European Union or Mercosur to another country return, they must be considered as non-originating, unless it can be demonstrated to the satisfaction of the customs authorities that:
 - (a) the goods returned are the same as those exported;and
 - (b) they have not undergone any operation beyond that necessary to preserve them in good condition while in that country or while being exported.

Article 12

Transport conditions

1. The products declared for importation in a Party shall be the same products as exported from the other Party in which they are considered to originate. They shall not have been altered, transformed in any way or subjected to operations other than operations to preserve them in good condition, prior to being declared for import. Storage of products or consignments and splitting of consignments may take place where carried out under the responsibility of the exporter or of a subsequent holder of the goods and the products remain under customs supervision in the country(ies) of transit.
2. Compliance with the first paragraph shall be considered as satisfied unless the customs authorities have reason to believe the contrary; in such cases, the customs authorities may request the declarant to provide evidence of compliance, which may be given by any means, including contractual transport documents such as bills of lading or factual or concrete evidence based on marking or numbering of packages or any evidence related to the goods themselves.

*Article 13***Exhibitions**

1. Originating products, sent for exhibition in a country other than the European Union or Mercosur and sold after the exhibition for importation in the European Union or Mercosur shall benefit on importation from the provisions of the Agreement provided it is shown to the satisfaction of the customs authorities of the importing country that:
 - (a) an exporter has consigned these products from the European Union or Mercosur to the country in which the exhibition is held and has exhibited them there;
 - (b) the products have been sold or otherwise disposed of by that exporter to a person in the European Union or Mercosur;
 - (c) the products have been consigned during the exhibition or immediately thereafter in the state in which they were sent for exhibition; and
 - (d) the products have not, since they were consigned for exhibition, been used for any purpose other than demonstration at the exhibition.
2. A proof of origin must be issued or made out in accordance with the provisions of Title V and submitted to the customs authorities of the importing country in the normal manner. The name and address of the exhibition must be indicated thereon.
3. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organised for private purposes in shops or business premises with a view to the sale of foreign products, and during which the products remain under customs control.

TITLE IV

DRAWBACK OR EXEMPTION*Article 14***Prohibition of drawback of, or exemption from, customs duties**

1. Non-originating materials used in the manufacture of products originating in the European Union or in Mercosur for which a proof of origin is issued or made out in accordance with the provisions of Title V shall not be subject in the European Union or Mercosur to drawback of, or exemption from, customs duties of whatever kind.
2. The prohibition in paragraph 1 shall apply to any arrangement for refund, remission or non-payment, partial or complete, of customs duties or charges having an equivalent effect, applicable in the European Union or Mercosur to materials used in the manufacture, where such refund, remission or non-payment applies, expressly or in effect, when products obtained from the said materials are exported and not when they are retained for home use there.
3. The exporter of products covered by a proof of origin shall be prepared to submit at any time, upon request from the customs authorities, all appropriate documents proving that no drawback has been obtained in respect of the non-originating materials used in the manufacture of the products concerned and that all customs duties or charges having equivalent effect applicable to such materials have actually been paid.
4. The provisions of paragraphs 1 to 3 shall also apply in respect of packaging within the meaning of Article 7(2), accessories, spare parts and tools within the meaning of Article 8 and products in a set within the meaning of Article 9 when such items are non-originating.
- 5- The provisions of paragraphs 1 to 4 shall apply only in respect of materials which are of the kind to which the Agreement applies.
- 6- Notwithstanding paragraph 1, Mercosur may apply arrangements for drawback of, or exemption from, customs duties or charges having an equivalent effect applicable to materials used in the manufacture of originating products, subject to the following provisions:
 - (a) a 4 per cent rate of customs charge shall be retained in respect of products falling within Chapters 25 to 49 and

- 64 to 97 of the Harmonised System or such lower rate as in force in Mercosur.
- (b) A 8 per cent rate of customs charge shall be retained in respect of products falling within Chapters 50 to 63 of the Harmonised System or such lower rate as in force in Mercosur.

7- The provisions of paragraph 6 shall apply until XX XX XXXX.

TITLE V

PROOF OF ORIGIN

Article 15

General requirements

Products originating in the European Union shall, on importation into Mercosur and products originating in Mercosur shall, on importation into the European Union benefit from this Agreement upon submission, as required by and in accordance with the procedures applicable in that Party, of a [proof of origin in accordance with paragraph 2] MCS [statement on origin made out in accordance with Article 16] EU:

[2. A proof of origin referred to in paragraph 1 means a statement on origin made out in accordance with Article 16 or in the case of Mercosur also a certificate of origin in accordance with the "Transitional Measures" contained in Annex V of this Protocol.]
MCS

Article 16

Conditions for making out a statement on origin

1. A statement on origin as referred to in Article 15 may be made out:
 - (a) by an exporter in accordance with the relevant legislation of the Party of export, or
 - (b) by any exporter for any small consignment consisting of one or more packages containing originating products whose total value does not exceed the threshold stipulated in the relevant legislation of the Party of export.

[2. With regard to the relevant legislation referred to in paragraph 1, Parties agree to exchange information at the time of the entry into force of this Agreement, when there are any subsequent modifications, or upon request of either Party after the entry into force of this Agreement.

2. A statement on origin may be made out if the products concerned can be considered as products originating in the European Union or Mercosur and fulfil the other requirements of this Protocol.

3. The exporter making out a statement on origin shall be prepared to submit at any time, at the request of the customs authorities or competent governmental authorities of the Party of export, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of the other requirements of this Protocol.

4. A statement on origin shall be made out by the exporter by typing, stamping or printing on the invoice [, the delivery note or another commercial document] EU [of the exporter] MCS that describes the originating product in sufficient detail to enable its identification, the statement, the text of which appears in Annex IV, using one of the linguistic versions set out in that Annex and in accordance with the provisions of the domestic law of the Party of export. If the declaration is hand-written, it shall be written in ink in printed characters.

5. A statement on origin shall bear the original signature of the exporter in manuscript unless otherwise provided in the relevant legislation of the Party of export.

6. A statement on origin may be made out by the exporter when the products to which it relates are exported, or after exportation on condition that it is presented in the Party of import no longer than two years after the importation of the products to which it relates.

Article 17

Validity of a statement of origin

1. A statement on origin shall be valid for 12 months from the date of issue in the Party of export, and must be submitted within the said period to the customs authorities of the Party of import.

2. Statements on origin which are submitted to the customs authorities of the Party of import after the final date for presentation specified in paragraph 1 may be accepted for the purpose of applying preferential treatment, where the failure to submit these documents by the final date set is due to exceptional circumstances.

3. In the other cases of belated presentation, the customs authorities of the Party of import may accept the proofs of origin where the products have been submitted before the said final date.

Article 18

Importation by instalments

Where, at the request of the importer and on the conditions laid down by the customs authorities of the Party of import, dismantled or non-assembled products within the meaning of General Rule 2(a) of the Harmonised System classified within Sections XVI and XVII or heading Nos. 7308 and 9406 of the Harmonised System are imported by instalments, a single statement on origin for such products shall be submitted to the customs authorities upon importation of the first instalment.

*Article 19***Exemptions from proof of origin**

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

*Article 20***Supporting documents**

The documents referred to in Article 16(3) used for the purpose of proving that products covered by a statement on origin can be considered as products originating in the European Union or in Mercosur and fulfil the other requirements of this Protocol may consist *inter alia* of the following:

- (a) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained for example in his accounts or internal book-keeping;
- (b) documents proving the originating status of materials used, issued or made out in the European Union or Mercosur where these documents are used in accordance with domestic law;
- (c) documents proving the working or processing of materials in the European Union or Mercosur, issued or made out in the European Union or Mercosur, where these documents are used in accordance with domestic law;
- (d) a statement on origin proving the originating status of materials used, issued or made out in the European Union or Mercosur in accordance with this Protocol.

*Article 21***Preservation of a statement on origin and supporting documents**

The exporter making out a statement on origin shall keep for at least three years a copy of this statement on origin as well as the documents referred to in Article 16(3).

*Article 22***Discrepancies and formal errors**

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

TITLE VI**ARRANGEMENTS FOR ADMINISTRATIVE CO-OPERATION***Article 24***Cooperation between customs authorities and competent governmental authorities**

1. The customs authorities or competent governmental authorities of the Member States of the European Union and of the Member States of Mercosur shall provide each other, by communication between the European Commission and the Secretariat of Mercosur with the addresses of the customs or competent governmental authorities responsible for verifying a statement on origin.
2. In order to ensure the proper application of this Protocol, the European Union and Mercosur shall assist each other, through the competent administrations, in checking the authenticity of the statement on origin and the correctness of the information given in these documents.

*Article 25***Verification of statements on origin**

1. Subsequent verifications of statements on origin shall be carried out at random or whenever the customs authorities or competent governmental authorities of the Party of import have reasonable doubts as to the authenticity of such documents, the originating status of the products concerned or the fulfilment of the other requirements of this Protocol.
2. For the purposes of implementing the provisions of paragraph 1, the customs authorities or competent governmental authorities of the Party of import shall return the statement on origin, or a copy, to the customs authorities or competent governmental authorities of the Party of export giving [where appropriate] EU the reasons for the

enquiry. Any documents and information obtained suggesting that the information given on the statement on origin is incorrect shall be forwarded in support of the request for verification.

3. The verification shall be carried out by the customs authorities or competent governmental authorities of the Party of export. For this purpose, they shall have the right to call for any evidence and to carry out any inspections of the exporter's accounts or any other check considered appropriate.

4. If the customs authorities or competent governmental authorities of the Party of import decide to suspend the granting of preferential treatment to the products concerned while awaiting the results of the verification, release of the products shall be offered to the importer subject to any precautionary measures judged necessary.

5. The customs authorities or competent governmental authorities of the Party of import requesting the verification shall be informed of the results of this verification as soon as possible. The Party of export shall provide to the customs authorities or competent governmental authorities of the Party of import requesting the verification, [in order for it to determine whether the product is originating or not,] EU the following information:

- (i) the results of the verification;
- (ii) the description of the product subject to verification and the tariff classification relevant to the application of the rule of origin;
- (iii) a description and explanation of the production sufficient to support the rationale concerning the originating status of the product;
- (iv) information on the manner in which the verification was conducted; and
- (v) where appropriate, supporting documentation.

6. If there is no reply within ten months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the products, the requesting customs authorities or competent governmental authorities shall, except in exceptional circumstances, refuse entitlement to the preferences.

7. The requesting customs authorities or competent governmental authorities shall notify upon request of the customs authorities or competent authorities of the Party of export about their decision on the verification process.

8. In case the action carried out under paragraph 3 concludes with the qualification of the originating status of the goods and the validity of the origin criterion contained in the proof of origin, the importer shall be released forthwith from any guarantees required as a precautionary measure in paragraph 4.

[9. The request for verification shall be submitted in an official language of the requested authority or in a language acceptable to that authority, English always being an acceptable language. The requested authority shall communicate results of the verification to the requesting authority in an official language of the applicant authority or in a language acceptable to that authority, English always being an acceptable language.] MCS

*Article 26***Dispute settlement**

1. Where disputes arise in relation to the verification procedures of Article 25 and the authority of the Party of import intends to make a determination of origin that is not consistent with the reply as per Article 25(5) provided by the customs authority or competent governmental authority of the Party of export, the Party of import shall notify this intention to the Party of export within 60 days of receiving the reply as per Article 25(5).

2. At the request of either Party, the Parties shall hold consultations within 90 days or within an agreed period of time from the date of the notification referred to in paragraph 1, with a view to resolving those differences. The period for consultation may be extended on a case by case basis by mutual written agreement between the Parties.

3. If there are differences in relation to the verification procedures which cannot be settled between the customs authorities or competent governmental authorities requesting a verification and the customs authorities or competent governmental authorities responsible for carrying out this verification or where they raise a question as to the interpretation of this Protocol, they shall be submitted to the [[Committee on customs co-operation and rules of origin](#)]

The customs authorities or competent governmental authorities requesting a verification may make its determination on origin after consultations in the [[Committee on customs co-operation and rules of origin](#)] and only on the basis of sufficient justification after having granted the importer the right to be heard. This determination shall be notified to the Party of export.

4. Nothing in this Article affects the procedures or the rights of the Parties under [Chapter XXX \(Dispute Settlement\)](#).

5. In all cases the settlement of disputes between the importer and the customs or competent governmental authorities of the Party of import shall be under the legislation of the said country.

*Article 27***Penalties**

In accordance with each Party's laws and regulations, penalties shall be imposed on any person who draws up, or causes to be drawn up, a document which contains incorrect information for the purpose of obtaining a preferential treatment for products.

*Article 28***Review Clause**

[placeholder] EU

TITLE VII
CEUTA AND MELILLA

Article 35

Application of the Protocol

1. The term "European Union " used in Article 2 does not cover Ceuta and Melilla.

2. Products originating in Mercosur, when imported into Ceuta or Melilla, shall enjoy in all respects the same customs regime as that which is applied to products originating in the customs territory of the European Union under Protocol 2 of the Act of Accession of the Kingdom of Spain and the Portuguese Republic to the European Communities. Mercosur shall grant to imports of products covered by the Agreement and originating in Ceuta and Melilla the same customs regime as that which is granted to products imported from and originating in the European Union.

3. For the purpose of the application of paragraph 2 concerning products originating in Ceuta and Melilla, this Protocol shall apply *mutatis mutandis* subject to the special conditions set out in Article 36.

Article 36

Special conditions

1. Providing the requirements laid down in Article 12 have been observed, the following shall be considered as:

(1) products originating in Ceuta and Melilla:

(a) products wholly obtained in Ceuta and Melilla;

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

(i) the said products have undergone sufficient working or processing within the meaning of Article 5 of this Protocol; or that

(ii) those products are originating in Mercosur or the European Union within the meaning of this Protocol, provided that they have been submitted to working or processing which goes beyond the insufficient working or processing referred to in Article 6(1).

(2) products originating in Mercosur:

(a) products wholly obtained in Mercosur;

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

(i) the said products have undergone sufficient working or processing within the meaning of Article 5 of this Protocol; or that

(ii) those products are originating in Ceuta and Melilla or the European Union within the meaning of this Protocol, provided that they have been submitted to working or processing which goes beyond the insufficient working or processing referred to in Article 6(1).

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

3. The exporter or his authorised representative shall enter " Mercosur " and "Ceuta and Melilla" in Box 2 of movement certificates EUR.1 or on origin declarations. In addition, in the case of products originating in Ceuta and Melilla, this shall be indicated in Box 4 of movement certificates EUR.1 or on origin declarations.

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

TITLE VIII

FINAL PROVISIONS*Article 37***Amendments to the Protocol**

The [\[relevant body dealing with trade matters\]](#) may decide to amend the provisions of this Protocol.

*Article 38***Goods in transit or storage**

The provisions of this Agreement may be applied to goods which comply with the provisions of this Protocol and which on the date of entry into force of this Agreement are either in transit or are in the European Union or in Mercosur, in temporary storage in bonded warehouse or in free zones, subject to the submission to the customs authorities of the importing country, within six months of the said date, of a movement certificate EUR.1 issued retrospectively by the customs authorities of the exporting country together with the documents showing that the goods have been transported directly.

*Article 39***Explanatory Notes**

The Parties shall agree “Explanatory Notes” regarding the interpretation, application and administration of this Annex within the [\[Committee on Customs Co-operation and Rules of Origin.\]](#)

Annex I**INTRODUCTORY NOTES TO THE LIST IN ANNEX II****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 this Protocol.

Note 2:

- 2.1. The first two columns in the list describe the product obtained. The first column gives the heading number or chapter number used in the Harmonized System and the second column gives the description of goods used in that system for that heading or chapter. For each entry in the first two columns, a rule is specified in column 3 or 4. Where, in some cases, the entry in the first column is preceded by an "ex", this signifies that the rules in column 3 or 4 apply only to the part of that heading as described in column 2.
- 2.2. Where several heading numbers are grouped together in column 1 or a chapter number is given and the description of products in column 2 is therefore given in general terms, the adjacent rules in column 3 or 4 apply to all products which, under the Harmonized System, are classified in headings of the chapter or in any of the headings grouped together in column 1.
- 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 column 3 or 4.
- 2.4. Where, for an entry in the first two columns, a rule is specified in both columns 3 and 4, the exporter may opt, as an alternative, to apply either the rule set out in column 3 or that set out in column 4. If no origin rule is given in column 4, the rule set out in column 3 is to be applied.

Note 3:

- 3.1. The provisions of Article 5 of this Protocol, 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 the European Union or in Mercosur.

Example:

An engine of heading 8407, for which the rule states that the value of the non-originating materials which may be incorporated may not exceed 40 % of the ex-works price, is made from "other alloy steel roughly shaped by forging" of heading ex 7224.

If this forging has been forged in the European Union from a non-originating ingot, it has already acquired originating status by virtue of the rule for heading ex 7224 in the list. The forging can then count as originating in the value-calculation for the engine, regardless of whether it was produced in the same factory or in another factory in the European Union. The value of the non-originating ingot is thus not 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. However, the expression "Manufacture from materials of any heading, including other materials of heading ..." or "Manufacture from materials of any heading, including other materials of the same heading as the product" means that materials of any heading(s) may be used, except those of the same description as the product as given in column 2 of the list.
- 3.4. When a rule in the list specifies that a product may be manufactured from more than one material, this means that one or more materials may be used. It does not require that all be used.
- Example:*
The rule for fabrics of headings 5208 to 5212 provides that natural fibres may be used and that chemical materials, among other materials, may also be used. This does not mean that both have to be used; it is possible to use one or the other, or both.
- 3.5. Where a rule in the list specifies that a product must be manufactured from a particular material, the condition obviously does not prevent the use of other materials which, because of their inherent nature, cannot satisfy the rule. (See also Note 6.2 below in relation to textiles).
- Example:*
The rule for prepared foods of heading 1904, which specifically excludes the use of cereals and their derivatives, does not prevent the use of mineral salts, chemicals and other additives which are not products from cereals. However, this does not apply to products which, although they cannot be manufactured from the particular materials specified in the list, can be produced from a material of the same nature at an earlier stage of manufacture.
- Example:*
In the case of an article of apparel of ex Chapter 62 made from non-woven materials, if the use of only non-originating yarn is allowed for this class of article, it is not possible to start from non-woven cloth – even if non-woven cloths cannot normally be made from yarn. In such cases, the starting material would normally be at the stage before yarn – that is, the fibre stage.
- 3.6. Where, in a rule in the list, two percentages are given for the maximum value of non-originating materials that can be used, then these percentages may not be added together. In other words, the maximum value of all the non-originating materials used may never exceed the higher of the percentages given. Furthermore, the individual percentages must not be exceeded, in relation to the particular materials to which they apply.

Note 4:

- 4.1. The term "natural fibres" is used in the list to refer to fibres other than artificial or synthetic fibres. It is restricted to the stages before spinning takes place, including waste, and, unless otherwise specified, includes fibres which have been carded, combed or otherwise processed, but not spun.
- 4.2. The term "natural fibres" includes horsehair of heading [0511], silk of headings 5002 and 5003, as well as wool-fibres and fine or coarse animal hair of headings 5101 to 5105, cotton fibres of headings 5201 to 5203, and other vegetable fibres of headings 5301 to 5305.
- 4.3. The terms "textile pulp", "chemical materials" and "paper-making materials" are used in the list to describe the materials, not classified in Chapters 50 to 63, which can be used to manufacture artificial, synthetic or paper fibres or yarns
- 4.4. The term "man-made staple fibres" is used in the list to refer to synthetic or artificial filament tow, staple fibres or waste, of headings 5501 to 5507.

Note 5:

- 5.1. Where, for a given product in the list, reference is made to this Note, the conditions set out in column 3 shall not be applied to any basic textile materials used in the manufacture of this product and which, taken together, represent 10 % or less of the total weight of all the basic textile materials used. (See also Notes 5.3 and 5.4 below.)
- 5.2. However, the tolerance mentioned in Note 5.1 may be applied only to mixed products which have been made from two or more basic textile materials.
The following are the basic textile materials:
 - silk,
 - wool,
 - coarse animal hair,
 - fine animal hair,
 - horsehair,
 - cotton,
 - paper-making materials and paper,
 - flax,
 - true hemp,
 - jute and other textile bast fibres,
 - sisal and other textile fibres of the genus *Agave*,
 - coconut, abaca, ramie and other vegetable textile fibres,
 - synthetic man-made filaments,
 - artificial man-made filaments,
 - current-conducting filaments,
 - synthetic man-made staple fibres of polypropylene,
 - synthetic man-made staple fibres of polyester,
 - synthetic man-made staple fibres of polyamide,
 - synthetic man-made staple fibres of polyacrylonitrile,
 - synthetic man-made staple fibres of polyimide,
 - synthetic man-made staple fibres of polytetrafluoroethylene,
 - synthetic man-made staple fibres of poly(phenylene sulphide),
 - synthetic man-made staple fibres of poly(vinyl chloride),
 - other synthetic man-made staple fibres,
 - artificial man-made staple fibres of viscose,
 - other artificial man-made staple fibres,

- yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped,
- yarn made of polyurethane segmented with flexible segments of polyester, whether or not gimped,
- products of heading 5605 (metallised yarn) incorporating strip consisting of a core of aluminium foil or of a core of plastic film whether or not coated with aluminium powder, of a width not exceeding 5 mm, sandwiched by means of a transparent or coloured adhesive between two layers of plastic film,
- other products of heading 5605.

Example:

A yarn, of heading 5205, made from cotton fibres of heading 5203 and synthetic staple fibres of heading 5506, is a mixed yarn. Therefore, non-originating synthetic staple fibres which do not satisfy the origin-rules (which require manufacture from chemical materials or textile pulp) may be used, provided that their total weight does not exceed 10 % of the weight of the yarn.

Example:

A woollen fabric, of heading 5112, made from woollen yarn of heading 5107 and synthetic yarn of staple fibres of heading 5509, is a mixed fabric. Therefore, synthetic yarn which does not satisfy the origin-rules (which require manufacture from chemical materials or textile pulp), or woollen yarn which does not satisfy the origin-rules (which require manufacture from natural fibres, not carded or combed or otherwise prepared for spinning), or a combination of the two, may be used, provided that their total weight does not exceed 10 % of the weight of the fabric.

Example:

Tufted textile fabric, of heading 5802, made from cotton yarn of heading 5205 and cotton fabric of heading 5210, is a only mixed product if the cotton fabric is itself a mixed fabric made from yarns classified in two separate headings, or if the cotton yarns used are themselves mixtures.

Example:

If the tufted textile fabric concerned had been made from cotton yarn of heading 5205 and synthetic fabric of heading 5407, then, obviously, the yarns used are two separate basic textile materials and the tufted textile fabric is, accordingly, a mixed product.

- 5.3. In the case of products incorporating "yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped", this tolerance is 20 % in respect of this yarn.
- 5.4. In the case of products incorporating "strip consisting of a core of aluminium foil or of a core of plastic film whether or not coated with aluminium powder, of a width not exceeding 5 mm, sandwiched by means of a transparent or coloured adhesive between two layers of plastic film", this tolerance is 30 % in respect of this strip.

Note 6:

- 6.1. Where, in the list, reference is made to this Note, (with exception of linings and interlinings) textile materials, which do not satisfy the rule set out in the list in column 3 for the made-up product concerned, may be used, provided that they are classified in a heading other than that of the product and that their value does not exceed 8 % of the ex-works price of the product.
- 6.2. Without prejudice to Note 6.3, materials, which are not classified within Chapters 50 to 63, may be used freely in the manufacture of textile products, whether or not they contain textiles.

Example:

If a rule in the list provides that, for a particular textile item (such as trousers), yarn must be used, this does not prevent the use of metal items, such as buttons, because buttons are not classified within Chapters 50 to 63. For the same reason, it does not prevent the use of slide-fasteners, even though slide-fasteners normally contain textiles.

- 6.3. Where a percentage-rule applies, the value of materials which are not classified within Chapters 50 to 63 must be taken into account when calculating the value of the non-originating materials incorporated.

Note 7:

- 7.1. For the purposes of headings ex 2707, 2713 to 2715, ex 2901, ex 2902 and ex 3403, the "specific processes" are the following:
- (a) vacuum-distillation;
 - (b) redistillation by a very thorough fractionation-process;
 - (c) cracking;
 - (d) reforming;
 - (e) extraction by means of selective solvents;
 - (f) the process comprising all of the following operations: processing with concentrated sulphuric acid, oleum or sulphuric anhydride; neutralisation with alkaline agents; decolourisation and purification with naturally-active earth, activated earth, activated charcoal or bauxite;
 - (g) polymerisation;
 - (h) alkylation;
 - (i) isomerisation.
- 7.2. For the purposes of headings 2710, 2711 and 2712, the "specific processes" are the following:
- (a) vacuum-distillation;
 - (b) redistillation by a very thorough fractionation-process;
 - (c) cracking;
 - (d) reforming;
 - (e) extraction by means of selective solvents;
 - (f) the process comprising all of the following operations: processing with concentrated sulphuric acid, oleum or sulphuric anhydride; neutralisation with alkaline agents; decolourisation and purification with naturally-active earth, activated earth, activated charcoal or bauxite;
 - (g) polymerisation;
 - (h) alkylation;
 - (ij) isomerisation;

- (k) in respect of heavy oils of heading ex 2710 only, desulphurisation with hydrogen, resulting in a reduction of at least 85 % of the sulphur-content of the products processed (ASTM D 1266-59 T method);
 - (l) in respect of products of heading 2710 only, deparaffining by a process other than filtering;
 - (m) in respect of heavy oils of heading ex 2710 only, treatment with hydrogen, at a pressure of more than 20 bar and a temperature of more than 250 °C, with the use of a catalyst, other than to effect desulphurisation, when the hydrogen constitutes an active element in a chemical reaction. The further treatment, with hydrogen, of lubricating oils of heading ex 2710 (e.g. hydrofinishing or decolourisation), in order, more especially, to improve colour or stability shall not, however, be deemed to be a specific process;
 - (n) in respect of fuel oils of heading ex 2710 only, atmospheric distillation, on condition that less than 30 % of these products distils, by volume, including losses, at 300 °C, by the ASTM D 86 method;
 - (o) in respect of heavy oils other than gas oils and fuel oils of heading ex 2710 only, treatment by means of a high-frequency electrical brush-discharge;
 - (p) in respect of crude products (other than petroleum jelly, ozokerite, lignite wax or peat wax, paraffin wax containing by weight less than 0.75 % of oil) of heading ex 2712 only, de-oiling by fractional crystallisation.
- 7.3. For the purposes of headings ex 2707, 2713 to 2715, ex 2901, ex 2902 and ex 3403, simple operations, such as cleaning, decanting, desalting, water-separation, filtering, colouring, marking, obtaining a sulphur-content as a result of mixing products with different sulphur-contents, or any combination of these operations or like operations, do not confer origin.

[APPENDIX 1

INTRODUCTORY NOTES TO PSR

Note 1

The list in [PSR] sets out the conditions required for all products to be considered as sufficiently worked or processed within the meaning of Article [sufficient working or processing].

Note 2

2.1. The first two columns in the list describe the product obtained. The first column gives the subheading number, heading number or chapter number used in the Harmonized System and the second column gives the description of goods used in that system for that subheading, heading or chapter. For each entry in the first two columns, a rule is specified in column 3 or 4. Where, in some cases, the entry in the first column is preceded by an “ex”, this signifies that the rules in column 3 or 4 apply only to the part of that subheading, heading or chapter as described in column 2.

2.2. Where several heading numbers are grouped together in column 1 or a chapter number is given and the description of products in column 2 is therefore given in general terms, the adjacent rules in column 3 or 4 apply to all products which, under the

Harmonized System, are classified in headings of the chapter or in any of the headings grouped together in column 1.

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 column 3 or 4.

2.4. Where, for an entry in the first two columns, a rule is specified in both columns 3 and 4, the exporter may opt, as an alternative, to apply either the rule set out in column 3 or that set out in column 4. If no origin rule is given in column 4, the rule set out in column 3 is to be applied.

Note 3

3.1. The provisions of Article [sufficient working or processing], 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 the EU or in MERCOSUR

Example:

An engine of heading 8407, for which the rule states that the value of the non-originating materials which may be incorporated may not exceed 50 per cent of the ex-works price, is made from “other alloy steel roughly shaped by forging” of heading ex 7224. If this forging has been forged in the EU Party from a non-originating ingot, it has already acquired originating status by virtue of the rule for heading ex 7224 in the list. The forging can then count as originating in the value-calculation for the engine, regardless of whether it was produced in the same factory or in another factory in the EU Party. The value of the non-originating ingot is thus not 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.

[However, the expression “Manufacture from materials of any heading, including other materials of heading ...” or “Manufacture from materials of any heading, including other materials of the same heading as the product” means that materials of any heading(s) may be used, except those of the same description as the product as given in column 2 of the list.]

3.4. When a rule in the list specifies that a product may be manufactured from more than one material, this means that one or more materials may be used. It does not require that all be used.

3.5. Where a rule in the list specifies that a product shall be manufactured from a particular material, the condition obviously does not prevent the use of other materials which, because of their inherent nature, cannot satisfy the rule.

[3.6. Where, in a rule in the list, two percentages are given for the maximum value of non-originating materials that can be used, then these percentages may not be added together. In other words, the maximum value of all the non-originating materials used may never exceed the higher of the percentages given. Furthermore, the individual percentages shall not be exceeded, in relation to the particular materials to which they apply.]

Note 4

4.1. Agricultural goods falling within Chapters 6, 7, 8, 9, 10, 12 and heading 2401 which are grown or harvested in the territory of a beneficiary country shall be treated as originating in the territory of that country, even if grown from seeds, bulbs, rootstock, cuttings, grafts, shoots, buds, or other live parts of plants imported from another country.

4.2. In cases where the content of non-originating sugar in a given product is subject to limitations, the weight of sugars of headings 1701 (sucrose) and 1702 (e.g., fructose, glucose, lactose, maltose, isoglucose or invert sugar) used in the manufacture of the final product and used in the manufacture of the non-originating products incorporated in the final product is taken into account for the calculation of such limitations.

Note 5

5.1. The term "natural fibres" is used in the list to refer to fibres other than artificial or synthetic fibres. It is restricted to the stages before spinning takes place, including waste, and, unless otherwise specified, includes fibres which have been carded, combed or otherwise processed, but not spun.

5.2. The term "natural fibres" includes horsehair of heading 0503, silk of headings 5002 and 5003, as well as wool-fibres and fine or coarse animal hair of headings 5101 to 5105, cotton fibres of headings 5201 to 5203, and other vegetable fibres of headings 5301 to 5305.

[5.3. The terms "textile pulp", "chemical materials" and "paper-making materials" are used in the list to describe the materials, not classified in Chapters 50 to 63, which can be used to manufacture artificial, synthetic or paper fibres or yarns.]

5.4. The term "man-made staple fibres" is used in the list to refer to synthetic or artificial filament tow, staple fibres or waste, of headings 5501 to 5507.

5.5. The term "printing" means a technique by which an objectively assessed function, like colour, design, technical performance, is given to a textile substrate with a permanent character, using screen, roller, digital or transfer techniques.

The term "Printing (as standalone operation)" means a technique by which an objectively assessed function, like colour, design, technical performance, is given to a textile substrate with a permanent character, using screen, roller, digital or transfer techniques combined with at least two preparatory/finishing operations (such as scouring, bleaching, mercerizing, heat setting, raising, calendaring, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling), provided that the value of all the materials used does not exceed 50% of the ex-works price of the product.

Note 6

6.1. Where, for a given product in the list, reference is made to this Note, the conditions set out in column 3 shall not be applied to any basic textile materials used in the manufacture of this product and which, taken together, represent 10 per cent or less of the total weight of all the basic textile materials used. (See also Notes 6.3 and 6.4 below.)

6.2. However, the tolerance mentioned in Note 6.1 may be applied only to mixed products which have been made from two or more basic textile materials.

The following are the basic textile materials:

- silk,
- wool,
- coarse animal hair,
- fine animal hair,
- horsehair,
- cotton,
- paper-making materials and paper,
- flax,
- true hemp,
- jute and other textile bast fibres,
- sisal and other textile fibres of the genus Agave,
- coconut, abaca, ramie and other vegetable textile fibres,
- synthetic man-made filaments,
- artificial man-made filaments,
- current-conducting filaments,
- synthetic man-made staple fibres of polypropylene,
- synthetic man-made staple fibres of polyester,
- synthetic man-made staple fibres of polyamide,
- synthetic man-made staple fibres of polyacrylonitrile,
- synthetic man-made staple fibres of polyimide,
- synthetic man-made staple fibres of polytetrafluoroethylene,
- synthetic man-made staple fibres of poly(phenylene sulphide),
- synthetic man-made staple fibres of poly(vinyl chloride),
- other synthetic man-made staple fibres,
- artificial man-made staple fibres of viscose,

- other artificial man-made staple fibres,
- yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped,
- yarn made of polyurethane segmented with flexible segments of polyester, whether or not gimped,
- products of heading 5605 (metallised yarn) incorporating strip consisting of a core of aluminium foil or of a core of plastic film whether or not coated with aluminium powder, of a width not exceeding 5 mm, sandwiched by means of a transparent or coloured adhesive between two layers of plastic film,
- other products of heading 5605.

Example:

A yarn, of heading 5205, made from cotton fibres of heading 5203 and synthetic staple fibres of heading 5506, is a mixed yarn. Therefore, non-originating synthetic staple fibres which do not satisfy the origin-rules may be used, provided that their total weight does not exceed 10 per cent of the weight of the yarn.

Example:

A woollen fabric, of heading 5112, made from woollen yarn of heading 5107 and synthetic yarn of staple fibres of heading 5509, is a mixed fabric. Therefore, synthetic yarn which does not satisfy the origin-rules, or woollen yarn which does not satisfy the origin-rules, or a combination of the two, may be used, provided that their total weight does not exceed 10 per cent of the weight of the fabric.

Example:

Tufted textile fabric, of heading 5802, made from cotton yarn of heading 5205 and cotton fabric of heading 5210, is only a mixed product if the cotton fabric is itself a mixed fabric made from yarns classified in two separate headings, or if the cotton yarns used are themselves mixtures.

Example:

If the tufted textile fabric concerned had been made from cotton yarn of heading 5205 and synthetic fabric of heading 5407, then, obviously, the yarns used are two separate basic textile materials and the tufted textile fabric is, accordingly, a mixed product.

6.3. In the case of products incorporating "yarn made of polyurethane segmented with flexible segments of polyether, whether or not gimped", this tolerance is 20 per cent in respect of this yarn.

6.4. In the case of products incorporating "strip consisting of a core of aluminium foil or of a core of plastic film whether or not coated with aluminium powder, of a width not exceeding 5 mm, sandwiched by means of a transparent or coloured adhesive between two layers of plastic film", this tolerance is 30 per cent in respect of this strip.

Note 7

7.1. Where, in the list, reference is made to this Note, textile materials (with the exception of linings and interlinings) which do not satisfy the rule set out in the list in column 3 for the made-up product concerned, may be used, provided that they are

classified in a heading other than that of the product and that their value does not exceed 8 per cent of the ex-works price of the product.

7.2. Without prejudice to Note 6.3, materials which are not classified within Chapters 50 to 63 may be used freely in the manufacture of textile products, whether or not they contain textiles.

Example:

If a rule in the list provides that, for a particular textile item (such as trousers), yarn must be used, this does not prevent the use of metal items, such as buttons, because buttons are not classified within Chapters 50 to 63. For the same reason, it does not prevent the use of slide fasteners, even though slide-fasteners normally contain textiles.

7.3. Where a percentage-rule applies, the value of materials which are not classified within Chapters 50 to 63 must be taken into account when calculating the value of the non-originating materials incorporated.

Note 8

HS Chapter 27 and Section VI: Products of the chemical or allied industries

a) **chemical reaction** : 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:

- (a) dissolving in water or other solvents;
- (b) the elimination of solvents including solvent water; or
- (c) the addition or elimination of water of crystallization

b) Mixtures and blends

The deliberate and proportionally controlled mixing or blending (including dispersing) of materials, other than the addition of diluents only to conform to predetermined specifications which results in the production of a good having physical or chemical characteristics which are relevant to the purposes or uses of the good and are different from the input materials

c) **Purification**: Purification is to be considered as origin conferring provided that purification occurs in the territory of a Party and results in one of the following criteria being satisfied:

- (a) purification of a good resulting in the elimination of 80 percent of the content of existing impurities; or
- (b) the reduction or elimination of impurities resulting in a good suitable for one or more of the following applications:
 - (i) pharmaceutical, medical, cosmetic, veterinary or food grade substances;
 - (ii) chemical products and reagents for analytical, diagnostic or laboratory uses;
 - (iii) elements and components for use in micro-electronics;
 - (iv) specialized optical uses;
 - (v) biotechnical use (e.g., in cell culturing, in genetic technology, or as a catalyst);
 - (vi) carriers used in a separation process; or

(vii) nuclear grade uses.

d) **Change in Particle Size:** The deliberate and controlled modification in particle size of a good, other than by merely crushing or pressing, resulting in a good having a defined particle size, defined particle size distribution or defined surface area, which is relevant to the purposes of the resulting good and having different physical or chemical characteristics from the input materials is to be considered as origin conferring.

e) **Standard Materials:** Standard materials (including standard solutions) are preparations suitable for analytical, calibrating or referencing uses having precise degrees of purity or proportions which are certified by the manufacturer. The production of standard materials is to be considered as origin conferring.

f) **Isomer Separation:** The isolation or separation of isomers from a mixture of isomers is to be considered as origin conferring.

g) **Biotechnological Processes:**

(a) Biological or biotechnological culturing, hybridization or genetic modification of: (i) micro-organisms (bacteria, viruses (including phages) etc.) or (ii) human, animal or plant cells; and

(b) Production, isolation or purification of cellular or intercellular structures (such as isolated genes, gene fragments and plasmids) are to be considered as origin conferring

c) Products shall be as originating if: (i) products of Chapter 30 are obtained by using cell cultures; (ii) products are obtained by fermentation] EU

ANNEX III

MOVEMENT CERTIFICATE EUR.1 AND APPLICATION FOR A MOVEMENT CERTIFICATE EUR.1

1. Each form shall measure 210 x 297 mm; a tolerance of up to minus 5 mm or plus 8 mm in the length may be allowed. The paper used must be white, sized for writing, not containing mechanical pulp and weighting not less than 25 g/m². It shall have a printed green guilloche pattern background making any falsification by mechanical or chemical means apparent to the eye.
2. The governmental authorities of the parties may reserve the right to print the forms themselves or may have them printed by approved printers. In the latter case, each form must include a reference to such approval. Each form must bear the name and address of the printer or a mark by which the printer can be identified. It shall also bear a serial number, either printed or not, by which it can be identified.

EU proposal

MOVEMENT CERTIFICATE

1. Exporter (Name, full address, country)	EUR.1 No A 000.000	
	See notes overleaf before completing this form.	
3. Consignee (Name, full address, country) (Optional)	2. Certificate used in preferential trade between And (Insert appropriate countries, groups of countries or territories)	
	4. Country, group of territory in which the products are considered as originating	5. Country, group of countries or territory of destination
6. Transport details (Optional)	7. Remarks	
8. Item number; Marks and numbers; Number and kind of package ⁽¹⁾; Description of goods	9. Gross mass (kg) or other measure (litres, m³, etc.)	10. Invoice (Optional)
11. CUSTOMS ENDORSEMENT <i>Declaration certified</i> Export document ⁽²⁾ Stamp Form No Customs office : Issuing country or territory:..... Date..... (Signature)		12. DECLARATION BY THE EXPORTER I, the undersigned, declare that the goods described above meet the conditions required for the issue of this certificate. Place and date (Signature)

(1) (1) If goods are not packed, indicate number of articles or state « in bulk » as appropriate

(2) (2).Complete only where the regulations of the exporting country or territory require.

EU Proposal

<p>13. REQUEST FOR VERIFICATION, to :</p>	<p>14. RESULT OF VERIFICATION</p>
<p>Verification of the authenticity and accuracy of this certificate is requested.</p> <p>.....</p> <p>(Place and date)</p> <p>Stamp</p> <p>.....</p> <p>(Signature)</p>	<p>Verification carried out shows that this certificate ⁽¹⁾</p> <p><input type="checkbox"/> was issued by the Customs Office indicated and that the information contained therein is accurate</p> <p><input type="checkbox"/> does not meet the requirements as to authenticity and accuracy (see remarks appended).</p> <p>.....</p> <p>(Place and date)</p> <p>Stamp</p> <p>.....</p> <p>(Signature)</p> <p>.....</p> <p>(1) Insert X in the appropriate box.</p>

NOTES

1. Certificate must not contain erasures or words written over one another. Any alterations must be made by deleting the incorrect particulars and adding any necessary corrections. Any such alteration must be initialled by the person who completed the certificate and endorsed by the Customs authorities of the issuing country or territory.
2. No spaces must be left between the items entered on the certificate and each item must be preceded by an item number. A horizontal line must be drawn immediately below the last item. Any unused space must be struck through in such a manner as to make any later additions impossible.
3. Goods must be described in accordance with commercial practice and with sufficient detail to enable them to be identified.

EU proposal

APPLICATION FOR A MOVEMENT CERTIFICATE EUR.1

1. Exporter (Name, full address, country)	EUR.1 No A 000.000	
	See notes overleaf before completing this form.	
3. Consignee (Name, full address, country) (Optional)	2. Application for a certificate used in preferential trade between and (Insert appropriate countries, groups of countries or territories)	
	4. Country, group of countries or territory in which the products are considered as originating	5. Country, group of countries or territory of destination
6. Transport details (Optional)	7. Remarks	
8. Item number; Marks and numbers; Number and kind of packages ⁽¹⁾ Description of goods	9. Gross mass (kg) or other measure (litres, m³, etc.)	10. Invoice (Optional)

(1) If goods are not packed, indicate number of articles or state « in bulk » as appropriate

EU proposal

DECLARATION BY THE EXPORTER

I, the undersigned, exporter of the goods described overleaf,

DECLARE that the goods meet the conditions required for the issue of the attached certificate;

SPECIFY as follows the circumstances which have enable these goods to meet the above conditions:

.....
.....
.....
.....

SUBMIT the following supporting documents (4):

.....
.....
.....
.....

UNDERTAKE to submit, at the request of the appropriate authorities, any supporting evidence which these authorities may require for the purpose of issuing the attached certificate, and undertake, if required, to agree to any inspection of my accounts and to any check on the processes of manufacture of the above goods, carried out by the said authorities;

REQUEST the issue of the attached certificate for these goods.

.....
(Place and date)

.....
(Signature)

4 For example : import documents, movement certificates, manufacturer’s declarations, etc., referring to the products used in manufacture or to the goods re-exported in the same state.

Mercosur proposal

MOVEMENT CERTIFICATE

<p>1. Exporter (name, full address, country)</p>	EUR.1 No. A 000.000		
	See notes overleaf before completing this form		
	<p>2. Certificate used in preferential trade between</p> <p>.....</p> <p style="text-align: center;">and</p> <p>.....</p>		
<p>3. Consignee (name, full address, country) (Optional)</p>	<p>4. Products are considered as originating(1):</p> <p><input type="checkbox"/> MERCOSUR</p> <p><input type="checkbox"/> European Community</p>	<p>5. Destination(1):</p> <p><input type="checkbox"/> MERCOSUR</p> <p><input type="checkbox"/> European Community</p>	
<p>6. Transport details (Optional)</p>	<p>7. Remarks</p>		
<p>8. Item number; Marks and numbers; Number and kind of packages(2); Description of goods(3)</p>		<p>9. Gross mass (kg) or other measure (litres, m³, etc.)</p>	<p>10. Invoices (Optional)</p>
<p>11. CUSTOMS OR COMPETENT GOVERNMENTAL AUTHORITY ENDORSEMENT</p> <p>Declaration certified Stamp</p> <p>Export document(4):</p> <p>Form No</p> <p>Customs or competent governmental office:</p> <p>Issuing country or territory:</p> <p>Place and date :</p> <p>.....</p> <p style="text-align: center;">.....</p> <p style="text-align: center;">(Signatures)</p>		<p>12. DECLARATION BY THE EXPORTER</p> <p>I, the undersigned, declare that the goods described above meet the conditions required for the issue of this certificate.</p> <p style="text-align: right;">Place and date</p> <p style="text-align: right;">.....</p> <p style="text-align: right;">(Signature)</p>	

(1) Insert X in the appropriate box.

(2) If goods are not packed, indicate number of articles or state "in bulk" as appropriate.

Mercosur proposal

APPLICATION FOR A MOVEMENT CERTIFICATE

1. Exporter (name, full address, country)	EUR.1 No. A 000.000		
	See notes overleaf before completing this form		
3. Consignee (name, full address, country) (Optional)	2. Certificate used in preferential trade between European Community		
	and MERCOSUR		
6. Transport details (Optional)	4. Products are considered as originating(5):	5. Destination(5):	
	<input type="checkbox"/> MERCOSUR <input type="checkbox"/> European Community	<input type="checkbox"/> MERCOSUR <input type="checkbox"/> European Community	
7. Remarks			
8. Item number; Marks and numbers; Number and kind of packages (6); Description of goods(7)		9. Gross mass (kg) or other measure (litres, m ³ , etc.)	10. Invoices (Optional)

(5) Insert X in the appropriate box.

(6) If goods are not packed, indicate number of articles or state "In bulk" as appropriate

(7) Includes the tariff classification of the goods at a heading (4 digits code) level

Mercosur proposal

DECLARATION BY THE EXPORTER

I, the undersigned, exporter of the goods described overleaf,

DECLARE that the goods meet the conditions required for the issue of the attached certificate;

SPECIFY as follows the circumstances which have enable these goods to meet the above conditions:

.....
.....
.....
.....

SUBMIT the following supporting documents (8):

.....
.....
.....
.....

UNDERTAKE to submit, at the request of the appropriate authorities, any supporting evidence which these authorities may require for the purpose of issuing the attached certificate, and undertake, if required, to agree to any inspection of my accounts and to any check on the processes of manufacture of the above goods, carried out by the said authorities;

REQUEST the issue of the attached certificate for these goods.

.....
(Place and date)

.....
(Signature)

(8) For example : import documents, movement certificates, invoices, manufacturer’s declarations, etc., referring to the products used in manufacture.

ANNEX IV – Origin Declaration

The invoice declaration, the text of which is set out below, must be drawn up in accordance with the respective footnotes. The footnotes do not have to be reproduced.

EU: [Bulgarian version

Износителят на продуктите, обхванати от този документ (разрешение № ... от митница или от друг компетентен държавен орган ⁽¹⁾) декларира, че освен където ясно е отбелязано друго, тези продукти са с ... ⁽²⁾ преференциален произход.]

English version

The exporter of the products covered by this document (customs or competent governmental authorization No...⁽¹⁾) declares that, except where otherwise clearly indicated, these products are of ... preferential origin ⁽²⁾.

Spanish version

El exportador de los productos incluidos en el presente documento (autorización aduanera o de la autoridad gubernamental competente n° ... ⁽¹⁾) declara que, salvo indicación en sentido contrario, estos productos gozan de un origen preferencial ... ⁽²⁾.

Danish version

Eksportøren af varer, der er omfattet af nærværende dokument, (toldmyndighedernes eller den kompetente offentlige myndigheds tilladelse nr. ... ⁽¹⁾) erklærer, at varerne, medmindre andet tydeligt er angivet, har præferenceoprindelse i ... ⁽²⁾.

German version

(1) (1) When the invoice declaration is made out by an approved exporter within the meaning of Article 18 of the Protocol, the authorisation number of the approved exporter must be entered in this space. When the invoice declaration is not made out by an approved exporter, the words in brackets shall be omitted or the space left blank.

(2) (2) Origin of products to be indicated. When the invoice declaration relates in whole or in part, to products originating in Ceuta and Melilla within the meaning of Article 36 of the Protocol, the exporter must clearly indicate them in the document on which the declaration is made out by means of the symbol "CM".

(1) (1)

(2)

Der Ausführer (Ermächtigter Ausführer; Bewilligung der Zollbehörde oder der zuständigen Regierungsbehörde Nr. ...⁽¹⁾) der Waren, auf die sich dieses Handelspapier bezieht, erklärt, dass diese Waren, soweit nichts anderes angegeben, präferenzbegünstigte Ursprungswaren ...⁽²⁾ sind.

Greek version

Ο εξαγωγέας των προϊόντων που καλύπτονται από το παρόν έγγραφο (άδεια τελωνείου ή της καθύλην αρμόδιας αρχής, υπ' αριθ. ...⁽¹⁾) δηλώνει ότι, εκτός εάν δηλώνεται σαφώς άλλως, τα προϊόντα αυτά είναι προτιμησιακής καταγωγής ...⁽²⁾.

French version

L'exportateur des produits couverts par le présent document (autorisation douanière ou de l'autorité gouvernementale compétente n° ...⁽¹⁾) déclare que, sauf indication claire du contraire, ces produits ont l'origine préférentielle ...⁽²⁾.

Italian version

L'esportatore delle merci contemplate nel presente documento (autorizzazione doganale o dell'autorità governativa competente n. ...⁽¹⁾) dichiara che, salvo indicazione contraria, le merci sono di origine preferenziale ...⁽²⁾.

Dutch version

De exporteur van de goederen waarop dit document van toepassing is (douanevergunning of vergunning van de competente overheidsinstantie nr. ...⁽¹⁾) verklaart dat, behoudens uitdrukkelijke andersluidende vermelding, deze goederen van preferentiële ... oorsprong zijn⁽²⁾.

Portuguese version

O abaixo assinado, exportador dos produtos cobertos pelo presente documento (autorização aduaneira ou da autoridade governamental competente n°...⁽¹⁾) declara que, salvo expressamente indicado em contrário, estes produtos são de origem preferencial ...⁽²⁾.

Finnish version

Tässä asiakirjassa mainittujen tuotteiden viejä (tullin tai toimivaltaisen julkisen viranomaisen lupa nro...⁽¹⁾) ilmoittaa, että nämä tuotteet ovat, ellei toisin ole selvästi merkitty, etuuskohteluun oikeutettuja ... alkuperätuotteita⁽²⁾.

Swedish version

(1)

(2)

Exportören av de varor som omfattas av detta dokument (tullmyndighetens tillstånd eller behörig statlig myndighet nr. ...⁽¹⁾) försäkrar att dessa varor, om inte annat tydligt markerats, har förmånsberättigande ... ursprung⁽²⁾.

Czech version

Vývozce výrobků uvedených v tomto dokumentu (číslo povolení **celního nebo** příslušného vládního orgánu ...⁽¹⁾) prohlašuje, že kromě zřetelně označených, mají tyto výrobky preferenční původ v ...⁽²⁾.

Estonian version

Käesoleva dokumendiga hõlmatud toodete eksportija (tolliameti või pädeva valitsusasutuse luba nr. ...⁽¹⁾) deklareerib, et need tooted on ...⁽²⁾ sooduspäritoluga, välja arvatud juhul kui on selgelt näidatud teisiti.

Latvian version

Eksportētājs produktiem, kuri ietverti šajā dokumentā (muitas vai kompetentu valsts iestāžu pilnvara Nr. ...⁽¹⁾), deklarē, ka, izņemot tur, kur ir citādi skaidri noteikts, šiem produktiem ir priekšrocību izcelsme no ...⁽²⁾.

Lithuanian version

Šiame dokumente išvardintų prekių eksportuotojas (muitinės arba kompetentingos vyriausybės institucijos liudijimo Nr. ...⁽¹⁾) deklaruoja, kad, jeigu kitaip nenurodyta, tai yra ...⁽²⁾ preferencinės kilmės prekės.

Hungarian version

A jelen okmányban szereplő áruk exportőre (vámfelhatalmazási szám: ...⁽¹⁾ vagy az illetékes kormányzati szerv által kiadott engedély száma:) kijelentem, hogy eltérő jelzés hiányában az áruk kedvezményes ... származásúak⁽²⁾.

Maltese version

L-esportatur tal-prodotti koperti b'dan id-dokument (awtorizzazzjoni kompetenti tal-gvern jew tad-dwana nru. ...⁽¹⁾) jiddikjara li, hlief fejn indikat b'mod car li mhux hekk, dawn il-prodotti huma ta' origini preferenzjali ...⁽²⁾.

Polish version

Eksporter produktów objętych tym dokumentem (upoważnienie władz celnych lub upoważnienie właściwych władz nr ...⁽¹⁾) deklaruje, że z wyjątkiem gdzie jest to wyraźnie określone, produkty te mają ...⁽²⁾ preferencyjne pochodzenie.

[EU: Romanian version

(1)

(2)

Exportatorul produselor ce fac obiectul acestui document (autorizația vamală sau a autorității guvernamentale competente nr. ...⁽¹⁾) declară că, exceptând cazul în care în mod expres este indicat altfel, aceste produse sunt de origine preferențială ...⁽²⁾.]

Slovenian version

Izvoznik blaga, zajetega s tem dokumentom, (pooblastilo carinskih ali pristojnih državnih organov št. ...⁽¹⁾) izjavlja, da, razen če ni drugače jasno navedeno, ima to blago preferencialn ...⁽²⁾ poreklo.

Slovak version

Vývozca výrobkov uvedených v tomto dokumente (číslo povolenia colnej správy alebo príslušného vládneho povolenia ...⁽¹⁾) vyhlasuje, že okrem zreteľne označených, majú tieto výrobky preferenčný pôvod v ...⁽²⁾.

.....⁽³⁾

(Place and date)

.....⁽⁴⁾

(Signature of the exporter; in addition the name of the person signing the declaration has to be indicated in clear script)

(3) (3)These indications may be omitted if the information is contained on the document itself.

(4) (4)See Article 17(5) of the Protocol. In cases where the exporter is not required to sign, the exemption of signature also implies the exemption of the name of the signatory.

Annex V

TRANSITIONAL MEASURES*[Article 1*

[1. In accordance with Article 15 ("General requirements"), during the transitional period, Mercosur countries may issue certificates of origin in accordance with Mercosur legislation, which will be accepted as proofs of origin by the EU.

2. The transitional period referred to in paragraph 1 will be applied concomitantly to the effective application of the longest tariff elimination staging category of the Agreement set out in {[Annex X-\[x\] "Tariff Elimination Schedules"](#)}. At the request of Mercosur countries, the maximum transitional period can be extended by mutual agreement between the Parties.

3. Notwithstanding paragraph 2, Mercosur countries in accordance with their capabilities shall endeavor to adopt statements of origin in accordance with Article 16 as soon as possible.] MCS

[Article 1

[For a maximum period not exceeding one year from the entry into force of this Agreement, the European Union will accept as a statement on origin a declaration certifying that the products imported into the European Union meet the requirements of origin established under this Agreement.

The form of the declaration shall be communicated to the European Commission.] EU

JOINT DECLARATION**JOINT DECLARATION
Concerning the Principality of Andorra**

1- Products originating in the Principality of Andorra falling within Chapters 25 to 97 of the Harmonized System shall be accepted by Mercosur as originating in the Community within the meaning of this Agreement.

2- The Annex on the definition of the concept of “originating products” and methods of administrative cooperation shall apply mutatis mutandis for the purpose of defining the originating status of the above- mentioned products.

**JOINT DECLARATION
Concerning the Republic of San Marino**

1- Products originating in the Republic of San Marino shall be accepted by Mercosur as originating in the Community within the meaning of this Agreement.

2- The Annex on the definition of the concept of “originating products” and methods of administrative cooperation shall apply mutatis mutandis for the purpose of defining the originating status of the above- mentioned products.