

Rules of origin

Exercises

Are the goods in the exercises considered to be originating or non-originating according to the origin rules?

Unless otherwise indicated, any references to Chapters and headings are those of the Harmonized System, edition 2012

1 – Plastic Boxes

Plastic boxes of heading 39.23 are manufactured from non-originating granules of plastics.

Ex-works price of the boxes: € 10.- per box.

Value of granules used : € 4.- per box.

Conditions required for the goods to be considered as sufficiently worked or processed:

3922 to 3926

Articles of plastics

Manufacture in which the value of all the materials used does not exceed 50 % of the ex-works price of the product

Boxes of heading 39.23 are covered in the specific origin rules under item „39.22 to 39.26“ – articles of plastics“.

Column 3 shows that the working or processing for origin conferring that must be carried out on non-originating material is:

„Manufacture in which the value of all the materials used does not exceed 50 % of the ex-works price of the product“.

As the value of the quantity of the granules needed for the manufacture of one box (€ 4.-), the condition to acquire originating status is fulfilled.

Therefore, the boxes can be regarded as originating products.

2 – Plastic Boxes

Plastic boxes of heading 39.23 are manufactured from non-originating granules of plastics.

Ex-works price of the boxes: € 10.- per box.

Value of granules used : € 6.- per box.

Conditions required for the goods to be considered as sufficiently worked or processed:

3922 to 3926

Articles of plastics

Manufacture in which the value of all the materials used does not exceed 50 % of the ex-works price of the product

Boxes of heading 39.23 are covered by items “39.22 to 39.26 – articles of plastics” in the list for specific rules of origin. Column 3 shows that the working or processing to be carried out on non-originating material must be the following in order that the final product acquires originating status:

“Manufacture in which the value of all the materials used does not exceed 50 % of the ex-works price of the product”.

As the value of the quantity of granules needed for the manufacture of one box (€ 6.-) is 60 % of the ex-works price of one box (€ 10.-), the condition to acquire originating status is not fulfilled.

The boxes therefore cannot be regarded as an originating product. They are non-originating products.

3 – Table lamps

Table lamps of heading 94.05 are manufactured from the following non-originating materials:

Tubes of brass:	€ 3.00
Plates of brass:	€ 2.00
Switch:	€ 1.00
Cable:	€ 0.30
Contact:	€ 0.20
Steel wire:	€ 0.15
Plastics components:	€ 0.25
Textile fabrics:	€ 1.20
Light bulb:	€ 0.30
Lamp holder:	€ 0.50
Screws:	€ 0.05
Varnish:	€ 0.03
Various materials:	€ 0.40
Total value:	€ 9.38

The lamps are sold at an ex-works price of € 20.-

Conditions required for the goods to be considered as sufficiently worked or processed:

9405

Lamps and lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included

Manufacture in which the value of all the materials used does not exceed 50 % of the ex-works price of the product

The list rule for heading 94.05 requires the following working or processing to be carried out on non-originating material:

„Manufacture in which the value of all the materials used does not exceed 50 % of the ex-works price of the product“.

The total value of the non-originating materials used in the manufacture of one lamp (€ 9.38) is less than 50 % of the ex-works price of one lamp (€ 20.-).

The origin requirements are fulfilled and the lamps can be regarded as originating products.

4 – Rails for railways

Rails for railways of heading 73.02 are manufactured from non-originating ingots of steel classified in heading 72.06:

Conditions required for the goods to be considered as sufficiently worked or processed:

7302

Railway or tramway track construction material of iron or steel, the following: rails, check-rails and rack rails, switch blades, crossing frogs, point rods and other crossing pieces, sleepers (cross-ties), fish-plates, chairs, chair wedges, sole plates (base plates), rail clips, bedplates, ties and other material specialised for jointing or fixing rails

Manufacture from materials of heading 7206

The specific rule of origin for rails of heading 73.02 is the following:

„Manufacture from materials of heading 72.06“.

The material used for the manufacture of the rails is classified in heading 72.06. The conditions are therefore fulfilled and the rails can be regarded as originating products.

5 – Iron nails

Iron nails of heading 73.17 are manufactured from non-originating iron wire classified in heading 72.17:

Conditions required for the goods to be considered as sufficiently worked or processed:

ex Chapter 73

Articles of iron or steel; except for:

Manufacture from materials of any heading, except that of the product

The specific rule of origin for iron nails of heading 73.17 is found under:

„ex Chapter 73 – Articles of iron or steel; except for:

Since products of heading 73.17 are not covered by any of the listed items. Column 3 requires the following working or processing on non-originating materials:

„Manufacture from materials of any heading, except that of the product“

Iron wire is classified in heading 72.17 which is a heading other than that of iron nails (heading 73.17). Therefore, the conditions to acquire originating status is fulfilled.

The nails can be regarded as originating product.

6 – Wheels for toy tricycles

Wheels for toy tricycles of heading 95.01 are manufactured from the following non-originating materials:

Iron plate: Heading 72.09

Steel strip: Heading 72.12

Bushing: Heading 39.26

Solid tyres: Heading 40.12

Varnish: Heading 32.08

Conditions required for the goods to be considered as sufficiently worked or processed:

ex Chapter 95

Toys, games and sports requisites; parts and accessories thereof; except for:

Manufacture from materials of any heading, except that of the product

The specific origin rule for Wheels for toy tricycles of heading 95.01 is found in „ex Chapter 95 – toys, games and sports requisites; and accessories thereof; except for: ...

HS heading 95.01 is not listed by the exclusions.

Column 3 of the specific rules for „ex Chapter 95“ requires the following manufacture to be carried out on the non-originating materials:

„Manufacture from materials of any heading, except that of the product“.

The wheels are classified in heading 95.01 and none of the materials used is classified in heading 95.01.

Therefore, the conditions to acquire originating status is fulfilled and the products can be regarded as originating products.

7 – Door locks

Door locks of heading 83.01 are manufactured from the following non-originating materials:

Steel plate:	heading 72.19	Value € 0.20
Rivets:	heading 73.18	Value € 0.10
Screws:	heading 73.18	Value € 0.11
Nuts:	heading 73.18	Value € 0.13
Steel bar:	heading 72.15	Value € 0.30
Varnish:	heading 32.08	Value € 0.02
Lock mechanism:	heading 83.01	Value € 1.50

The door locks are sold at an ex-works price of € 20.-

Conditions required for the goods to be considered as sufficiently worked or processed:

ex Chapter 83

Miscellaneous articles of base metal; except for:

Manufacture from materials of any heading, except that of the product

General tolerance rule in the general part of the origin provisions stipulates: Non-originating materials which, according to the conditions set out in the list should not be used in the manufacture of a given product, may nevertheless be used, provided that their total value does not exceed 10 % of the ex-works price of the product.

The specific origin rule for door locks of heading 83.01 is found in „ex Chapter 83“ – miscellaneous articles of base metal; except for :“

As the list of products does not contain products of heading 83.01 the list rule for „ex Chapter 83 „ covers the origin requirements for heading 83.01:

„Manufacture from materials of any heading, except that of the product“.

Using steel plates, rivets, screws, nuts and varnish which are classified within a heading other than heading 83.01, the tariff shift rule would be fulfilled. However, lock mechanisms of heading 83.01 are also used in the manufacture of the locks, meaning that for that material the change of tariff heading is not fulfilled.

According the „general tolerance rule“ the use of non-originating materials may however be allowed when the value does not exceed 10 % of the ex-works price of the product. The value of the lock mechanisms (€ 1.50) is only 7,5 % of the ex-works price of the lock (€ 20.-) , thus, the use of the lock mechanism does not prevent the final product from acquiring originating status. Consequently, the locks can be regarded as originating products.

8 – Steel wire

Steel wire of heading 72.17 is manufactured from non-originating bars of steel of heading 72.13. From a bar of steel of a value of € 24 a steel wire for € 40 is manufactured.

Conditions required for the goods to be considered as sufficiently worked or processed:

7217

Wire of iron or non-alloy steel

Manufacture from semi-finished
materials of heading 7207

The specific origin rule for steel wire of heading 72.17 is found in the specific rule for that heading:

„Manufacture from semi-finished materials of heading 72.07“.

As less working or processing is carried out when the manufacture process is done from bars classified in heading 72.13 (since the condition is that the manufacture must be done from semi-finished materials of heading 72.07, the wire does not obtain originating status.

This is in accordance with the Introductory Notes 3.2 to the working or processing list:

„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 allowed. Moreover, the „general tolerance rule“ may help to confer origin as the value of the bar used (€ 24) is higher than 10 % of the ex-works price of the steel wire made from that bar (€ 40.-).

Thus, the steel wire must be considered as a non-originating product.

9 – Packaging boxes of wood

Boxes of heading 44.15 are manufactured from the following non-originating materials:

Boards of wood not cut to size

Rivets of metal

Corner and border fittings of metal

Glue

Varnish

Conditions required for the goods to be considered as sufficiently worked or processed:

ex 4415

Packing cases, boxes, crates, drums and similar packings, of wood

Manufacture from boards not cut to size

The specific origin rule for packaging boxes is covered under „ex 44.15 – packing cases, boxes, crates, drums and similar packings, of wood“. Column 3 of this item requires : „Manufacture from boards not cut to size“.

The „boards of wood not cut to size“ comply with the list rule, however the other materials do not comply with the above-mentioned requirement.

Nevertheless, the use of the other materials does not prevent the boxes from acquiring originating status (see Introductory Note 3.5 to the list):

„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 material which, because of their inherent nature, cannot satisfy the rule“.

The other materials used are not wooden products and they cannot satisfy the list rule because of their inherent nature. The boxes are regarded as originating products.

10 – Nitrobenzoyl chloride

Chloride of heading 29.16 is manufactured from the following non-originating materials:

Benzoic acid: heading 29.16 € 17.-
Hydrochloric acid: heading 28.06 € 23.-
Nitric acid: heading 28.08 € 2.-

The chloride is sold at an ex-works price of € 100.- per 100 kg

Conditions required for the goods to be considered as sufficiently worked or processed:

ex Chapter 29

Organic chemicals; except for:

Manufacture from materials of any heading, except that of the product. However, materials of the same heading as the product may be used, provided that their total value does not exceed 20 % of the ex-works price of the product

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

The final product of heading 29.16 is covered under the list rule of „ex Chapter 29 – organic chemicals, except for:... „. Since the exception do not contain heading 29.16 the following rules in columns 3 and 4 will be applied:

The rules in column 4 stipulates that the working or processing carried out on non-originating material is the following: „Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the product“.

The condition in this rule is not fulfilled as the total value of the non-originating materials used is 42 %.

The rule in column 3 consists of 2 requirements: 1) „Manufacture from materials of any heading, except that of the product“. The hydrochloric acid and the nitric acid both are classified in headings 28.06 and 28.08 (other than the chloro nitro benzoyl chloride of heading 29.16) and therefore would fulfill the change of heading requirement. The benzoic acid, on the contrary, is classified as chloro nitro benzoyl chloride of heading 29.16 and does not comply with the tariff shift rule.

The second requirement, however, stipulates that : „However, materials of the same heading as the product may be used, provided that their total value does not exceed 20 % of the ex-works price of the product“. As the value of the benzoic acid (17 €) is only 17 % of the ex-works price of the chloro nitro benzoyl chloride (100 €) the requirement of column 3 is fulfilled.

As it is sufficient that the requirement of one of the column 3 or column 4 is fulfilled, the chloro nitro benzoyl chloride can be regarded as originating product.

11 – Letter boxes of copper plate

Letter boxes of heading 74.19 are manufactured from the following non-originating materials:

Copper plate:	heading 74.09	€ 1.80
Rivets:	heading 74.15	€ 0.12
Soldering material:	heading 83.11	€ 0.12
Insert of plastics:	heading 39.26	€ 0.60
Box of paperboard:	heading 48.19	<u>€ 0.15</u>
Total value:		€ 2.79

ex-works price:

€ 6.-

Conditions required for the goods to be considered as sufficiently worked or processed:

ex Chapter 74

Copper and articles thereof; except for:

Manufacture:

- from materials of any heading, except that of the product, and
- in which the value of all the materials used does not exceed 50 % of the ex-works price of the product

The origin rule for letter boxes of heading 74.19 is covered by item „ex Chapter 74 – copper and articles thereof; except for: ...“. Since heading 74.19 does not appear in the list of exceptions, it is specific rule for Chapter 74 which must be fulfilled:

„Manufacture:

- from materials of any heading, except that of the product, and
- in which the value of all the materials used does not exceed 50 % of the ex-works price of the product“.

The rule contains two conditions. Both of them must be fulfilled. If not, the product does not acquire originating status. As the letter boxes are classified in heading 74.19 and none of the materials used are classified in that heading, the first condition is satisfied. Since the total value of the non-originating material used (€ 2.79) is less than 50 % of the ex-works price (€ 6.-) , the second condition is also satisfied and the boxes can be regarded as originating products

12 – Industrial fans

Fans of heading 84.14 are manufactured from the following non-originating materials:

Fan hub	heading 84.14	€ 14.-
Motor	heading 85.01	€ 40.-
Different materials not heading 84.14		<u>€ 20.-</u>
Total value		€ 74.-

The fans are sold at an ex-works price of € 200.- per fan

Conditions required for the goods to be considered as sufficiently worked or processed:

ex 8414

Industrial fans, blowers and the like

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 25 % of the ex-works price of the product

The specific origin rule for fans is found in item „ex 84.14 – industrial fans, blowers and the like“:

There are two rules (alternative rules):

Column 4 : „Manufacture in which the value of all the materials used does not exceed 25 % of the ex-works price of the product“. The condition there is not satisfied since the total value of the non-originating material used is 74 € which means 37 % of the ex-works price of the fan (200 €).

Column 3 stipulates the following:

„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“.

This rule contains 2 conditions which must be satisfied. The change of tariff requirement of the first part of the rules is not satisfied for the fan hub. The general tolerance rule allowing the use of non-originating material, provided that their value does not exceed 10 % of the ex-works price (fan hub 14 € versus value of the fan (200 €). The limitation in the general tolerance rule saying that any of the percentages given in the list for the maximum value of non-originating materials must not be exceeded through the application of the general tolerance rule is also fulfilled.

The second condition in the rule in column 3 is that the total value of the non-originating materials used must not exceed 40 % of the ex-works price of the product. This condition is also fulfilled as the total value of the non-originating materials used is only 37 % of the ex-works price of the fan. The fans are considered as originating products.

13 – Doors of copper plate

Doors of heading 74.19 are manufactured from the following non-originating materials:

Copper plate:	heading 74.09	€ 60.-
Lock etc.:	chapter 83	€ 37.-
Pressed parts:	heading 74.19	<u>€ 18.-</u>
Total value		€ 115.-

The doors are sold at an ex-works price of € 200.- per piece

Conditions required for the goods to be considered as sufficiently worked or processed:

ex Chapter 74

Copper and articles thereof; except for:

Manufacture:

- from materials of any heading, except that of the product, and
- in which the value of all the materials used does not exceed 50 % of the ex-works price of the product

The origin rule for doors of heading 74.19 are found under „ex Chapter 74 – copper and articles thereof; except for ...“. Since heading 74.19 is not listed in the exceptions the following rule has to be applied:

„Manufacture:

- from materials of any heading, except that of the product, and
- in which the value of all the materials used does not exceed 50 % of the ex-works price of the product“.

The rule contains two conditions. Both of them must be fulfilled. If not, the product does not acquire originating status.

As the doors are classified in heading 74.19, the change of tariff heading requirement is only fulfilled for the copper plate and the locks but not for the pressed parts.

As the total value of the non-originating materials used for one door (115 €) exceeds 50 % of the ex-works price of one door (200 €) , both the first and the second requirements are not fulfilled.

The „general tolerance rule“ can not help to confer originating status as this rule contains a limitation stipulating that any of the percentages given in the list for the maximum value of non-originating materials must not be exceeding the threshold given in the rule.

Although the value of the pressed parts of 18 € is less than 10 % of the ex-works price, the total value of all non-originating materials would exceed 50 % of the limits required in the rule and in this way the second part would not be fulfilled anyway.

Text of the general tolerance rule:

Non-originating materials may be used in the manufacture of a given product, provided that their total value does not exceed 10 % of the ex-works price of the product.

Where, in the list, one or several percentages are given for the maximum value of the non-originating materials, such percentages must not be exceeded through the application of the first subparagraph.

14 – Shirts

Shirts of heading 62.05 are manufactured from originating material (fabric of cotton) and the following non-originating materials:

Stiffening textile material (cotton) heading 62.17 value € 0.10 for one shirt

Sewing thread

Buttons of plastics

Plastic bag

The shirts are sold at an ex-works price of € 10.- per shirt

Conditions required for the goods to be considered as sufficiently worked or processed:

ex Chapter 62

Articles of apparel and clothing accessories, not knitted or crocheted; except for:

Manufacture from yarn ⁽⁷⁾ ⁽⁹⁾

The origin rule for shirts is found in item „ex Chapter 62 – articles of apparel and clothing accessories, not knitted or crocheted; except for“ . The rule stipulates in column 3 the following: „Manufacture from yarn“.

The fabric of cotton does not fulfill the origin requirement as less working or processing is carried out. Fabric is a later stage of manufacture than yarn. But the origin rule has only to be fulfilled for non-originating materials (inputs). Since the cotton fabric is already originating, the rule must not be fulfilled for that material. The sewing thread may be regarded as yarn. Thus, the origin requirement is fulfilled.

The buttons and the plastic bad do not comply with the list rule as these inputs are not made from yarn. However, the use buttons and bags does not prevent the shirt from acquiring originating status (see Introductory Note 3.5 to the list:

„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“.

The reason why the conditio in the list does not prevent in this case the use of the buttons and the bag is the fact that these materials are not textile materials. The use of buttons and plastic bags is allowed according to the Introductory Note 6.2 of the list:

„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“.

The use of stiffening textile material does not comply either with the list rule since this material is in a later stage of manufacture than yarn. However, the use of it does not prevent the shirt from acquiring originating status according to the tolerance rule for textiles: Note 6.1:

„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 % of the ex-works price of the product.

Footnote 9 in the list refer to Introductory Note 6:

The stiffening material HS 62.17 is classified in a heading other than that of the shirt and the value of the stiffening material (€ 0,10) is only 1 % of the value of the ex-works price of the shirt. The shirt can therefore be considered to be originating.