



Generalized System of Preferences
HANDBOOK ON THE SCHEME OF
THE EUROPEAN UNION

FIFTH EDITION





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NOTE

The handbook was prepared by the Trade Negotiations and Commercial Diplomacy Branch, Division on International Trade and Commodities, UNCTAD.

This handbook provides a general explanation of the Generalized System of Preferences (GSP) scheme of the European Union to allow officials and users responsible or involved in GSP issues to gain a better understanding of the scheme.

Products are described in terms of the Combined Nomenclature, upon which the official journals of European Union are based. Matters involving technical interpretation of the scheme of European Union will be determined in accordance with the provisions of the relevant official regulations of European Union, which have been the major sources in preparing this handbook.

“€” designates the euro and “\$”, the United States dollar unless otherwise stated.

The handbook is intended to serve as general guide to the GSP scheme of European Union and not intended to provide legal advice. Such inquiries should be directed at the competent authorities of the European Union.

The official sources of information are the following European Union Regulations and information materials:¹

- [Regulation \(EU\) No. 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalized tariff preferences and repealing Council Regulation \(EC\) No. 732/2008.](#)
 - [Commission Delegated Regulation \(EU\) No. 155/2013 of 18 December 2012 establishing rules related to the procedure for granting the special incentive arrangement for sustainable development and good governance under Regulation \(EU\) No. 978/2012 of the European parliament and of the Council applying a scheme of generalized tariff preferences](#)
 - [Commission Delegated Regulation \(EU\) No. 1083/2013 of 28 August 2013 establishing rules related to the procedure for temporary withdrawal of tariff preferences and adoption of general safeguard measures under Regulation \(EU\) No. 978/2012 of the European Parliament and the Council applying a scheme of generalized tariff preferences.](#)
 - [Commission Implementing Regulation \(EU\) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation \(EU\) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code.](#)
 - [Commission Delegated Regulation \(EU\) 2015/2446 of 28 July 2015 supplementing Regulation \(EU\) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code.](#)
 - [Commission Implementing Regulation \(EU\) 2019/249 of 12 February 2019 suspending the tariff preferences for certain GSP beneficiary countries in respect of certain GSP sections in accordance with Regulation \(EU\) No 978/2012 of the European Parliament and of the Council applying a scheme of generalized tariff preferences for the period of 2020-2022](#)
 - [The European Union's Rules of Origin for the Generalized System of Preferences: A Guide for Users, European Commission, May 2016. European Commission, May 2016.](#)
-

Generalized System of Preferences series

UNCTAD's GSP handbook series promotes awareness among exporters and government officials in developing countries on trading opportunities available under the GSP and other preferential trade arrangements and a better understanding of applicable rules and regulations with a view to facilitating their effective utilization. The series comprises the following publications:

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ABBREVIATIONS AND ACRONYMS

| | |
|------|---|
| ACP | African, Caribbean and Pacific |
| EBA | Everything but Arms |
| ECC | European Custom Code |
| GSP | Generalized System of Preferences |
| GPT | General Preferential Tariff |
| HS | Harmonized System, the Harmonized Commodity Description and Coding System |
| LDCs | Least Developed Countries |
| LDCT | Least Developed Country Tariff |
| MFN | Most Favoured Nation |
| OPR | Outward Processing Relief |
| WTO | World Trade Organization |

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**Checklist:
How to benefit from the
Generalized System of Preferences
scheme of the European Union**

Step 1: Check the country coverage

Determine the corresponding beneficiary country.

Check the country section graduation, since certain sections of certain countries are excluded from the GSP scheme of the European Union (see Annexes I, II, III of Regulation (EU) No. 978/2012 of the European Parliament and of the Council of 25 October 2012).

Step 2: Establish the product's tariff classification

Establish the correct tariff classification of the product intended for export to the European Union according to the combined nomenclature. To do so, check the exact tariff classification and product description on the Regulations and official journals. Combined Nomenclature is available at European Commission Taxation and Customs.

Step 3: Check the product coverage

Find out whether your product is eligible for preference under the GSP scheme of the European Union. (See Annex V to Regulation (EU) 978/2012).

Step 4: Assess the preferential margin

If your product is eligible for preferential treatment under the GSP scheme of the European Union, you should assess the preferential margin to determine the price you can offer your buyer or importer.

- Check Annex V to Regulation (EU) 978/2012 to ascertain the product sensitivity category in which the product is listed ("S" for sensitive or "NS" for non-sensitive), observing the precise tariff classification and product description.
- Identify the conventional most-favoured-nation rate which applies to the product under the Community Customs Code (TARIC).²
- Check the composition of the duty, that is to say, whether it is made of an *ad valorem* duty, a specific duty or a combination of the two, since the GSP tariff reduction applies solely to the *ad valorem* part of the duty, not to both.
- Apply the reduction granted to the product category in which the Harmonized System (HS) product is listed, taking into account that a lower preferential margin is applicable to a limited number of products (S-11a and S-11b and HS heading 2207).

Step 5: Investigate the possibility of obtaining additional preferences

- Special treatment is granted to LDCs under the Everything but Arms (EBA) initiative. Check Annex IV to Regulation (EU) No. 978/2012 to ascertain whether the country is a beneficiary of these arrangements.
- For EBA beneficiary countries, all products except for those listed in chapter 93 (arms and ammunition), are granted duty-free entry.
- A special incentive arrangement may be granted under the GSP+ arrangement for beneficiaries that respect international conventions by promoting sustainable development and good governance.

Step 6: Comply with origin criteria

Make sure that the product complies with the origin criteria set by the European Union, see Commission Delegated Regulation (EU) 2015/2446.


Step 7: Check consignment conditions

Make sure that the modalities for the transport of goods from the preference-receiving country to the European Union market fulfil the provisions laid down in Commission Delegated Regulation (EU) 2015/2446.

Step 8: Prepare documentary evidence

The GSP scheme of the European Union requires the following papers as documentary evidence:

- Form A (Certificate of origin)
 - Invoice Declaration
 - Movement Certificate EUR 1
 - Statement of Origin by exporters (as of 1 January 2017)
-



**Explanatory notes on
the Generalized System of Preferences
scheme of the European Union**

A. Introduction

The Generalized System of Preferences (GSP) scheme of the European Union (created following UNCTAD recommendations in 1971, helps developing countries by making it easier for them to export their products to the European Union. This is done in the form of reduced tariffs for their goods when entering the European Union market.

The first GSP scheme of the European Community spanned an initial phase of 10 years (1971–1981) and was subsequently renewed for a second decade (1981–1991). During this time, the scheme was reviewed each year. The reviews involved changes in product coverage, quotas, ceilings and their administration, beneficiaries, and depth of tariff cuts for agricultural products. In 1991, at the end of the second decade, the scheme was due for major revision. Pending the outcome of the Uruguay Round under the General Agreement on Tariffs and Trade (GATT), however, the 1991 scheme was extended with various amendments until 1994.

In 1994, the European Community made another 10-year offer as the third cycle for the period from 1995 to 2004. The first phase lasted from 1 January 1995, when the Community adopted the following basic legislative acts: Council Regulation (EC) No. 3281/94, concerning industrial products, and Council Regulation (EC) No. 1256/96, concerning agricultural products. During the second phase, from 1 July 1999 to 31 December 2001, the European Community revised its GSP scheme on the basis of Council Regulation (EC) No. 2820/98.

For the period from 1 January 2002 to 31 December 2005, the European Community put in place the third phase of the scheme by adopting Council Regulation (EC) No 2501/2001 of 10 December 2001 applying a scheme of generalized tariff preferences for the period from 1 January 2002 to 31 December 2004, which introduced major changes in the design of the GSP scheme of the European Community with five different arrangements:

- 1) General arrangements.
- 2) Special incentive arrangements for the protection of labour rights.
- 3) Special incentive arrangements for the protection of the environment.
- 4) Special arrangements to combat drug production and trafficking.
- 5) Special arrangements for the least developed countries (LDCs): Everything but Arms (EBA) initiative.

Based on the guidelines drawn up in 2004 for the decade between 2006 and 2015, the European Community adopted on 27 June 2005 Council Regulation (EC) No. 980/2005 covering the period from 1 January 2006 to 31 December 2008 and simplified the scheme by reducing the number of arrangements from five to three, namely:

- 1) General arrangements.
- 2) GSP+ arrangements: Special incentive arrangements for sustainable development and good governance.
- 3) EBA arrangements: Special arrangements for LDCs.

This basic structure was maintained under the European Union's new GSP scheme effective 1 January 2009 to 31 December 2011, as provided by Council Regulation (EC) No. 732/2008 of 22 July 2008³ renewing the scheme for the three-year period. The scheme was further extended until 31 December 2013 with a few technical changes by Regulation (EU) No. 512/2011 of the European Parliament and of the Council of 11 May 2011.

Regulation (EU) No. 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalized tariff preferences and repealing Council Regulation (EC) No. 732/2008 introduced a major reform of the GSP scheme of the European Union that went into force 1 January 2014

(Appendix I). The reformed scheme, which preserves the general architecture of the GSP scheme of the European Union, is composed of three arrangements:

- 1) General arrangements.
- 2) GSP+ arrangements: Special incentive arrangements for sustainable development and good governance.
- 3) EBA arrangements: Special arrangements for LDCs.

The current GSP Regulation will expire on 31 December 2023. In order to allow economic operators and beneficiaries to adapt to a new regulation, the Commission has launched the preparations for the new regulation. The new regulation is expected to continue to pursue the same policy of promoting sustainable economic, social and environmental development of beneficiary countries.

As regards rules of origin, a major reform was undertaken, effective 1 January 2011, in the rules for determining origin. First, while previously the same rules of origin applied to developing countries and LDCs, the new rules frequently include separate provisions for LDCs to address concerns about their capacity constraints. The origin-determining requirements for developing countries have also been modified. Second, the list of products and working or processing operations which confer originating status has been simplified to some degree, and the product-specific origin requirements contained in the current list differ from those in the previous one. Third, important changes have been made in the cumulation provisions that expand the possibility of cumulation. Fourth, the new procedures will be effective from 1 January 2017, at which time the system of registered exporters and self-certification will be introduced. By then, the governments of beneficiary countries are expected to have made necessary preparations, including the installation and management of electronic databases in their customs operations, to implement the new procedures. The GSP rules of origin of the European Union are covered in Chapter II, Section 3 of this Handbook.

B. The GSP scheme of European Union

1. Eligible and beneficiary countries

The main change in the GSP scheme of the European Union resulting from its 2012 reform consisted of a significant reduction in the number of beneficiary countries under the previous scheme. The number of beneficiary countries, formerly 177, went down to 88 in 2014, and further down to 71 by the end of 2019.

By introducing the 2012 reform, the Commission had undertaken an impact assessment in order to review the impact of the previous scheme. The study found that some of the major beneficiaries of the GSP scheme of the European Union became globally competitive and that GSP benefits became less important for these countries while other lower-income countries and LDCs continued to rely on the benefits in exporting competitively to European Union markets. Based on this assessment, the European Union concluded that high-income or upper-middle income countries had achieved a high level of diversification and would no longer require preferential treatment to the same extent as lesser developed economies. The goal of the current GSP scheme of the European Union is therefore to refocus GSP benefits on those countries that are most in need.

Accordingly, three categories of countries no longer benefit from unilateral preferential treatment under the 2012 reform:

- (a) Overseas countries or territories that are under the administration of the European Union or other developed countries.
 - (b) Countries with other preferential market access arrangements of the European Union, such as economic partnership agreements and autonomous preferential arrangements for some Balkan countries (LDCs are not subject to this exclusion).
-

- (c) Countries that are classified by the World Bank as high-income or upper-middle-income countries for three consecutive years based on gross national income per capita.

Countries that fell in categories (a) to (c) as of 2014 are listed below. Countries in category (b) remain eligible to reapply for GSP benefits if the preferential market arrangement is terminated.

- (a) Overseas countries and territories that are under the administration of the European Union or other developed countries:

Anguilla, Netherlands Antilles, Antarctica, American Samoa, Aruba, Bermuda, Bouvet Island, Cocos Islands, Christmas Islands, Falkland Islands, Gibraltar, Greenland, South Georgia and South Sandwich Islands, Guam, Heard Island and McDonald Islands, British Indian Ocean Territory, Cayman Islands, Northern Mariana Islands, Montserrat, New Caledonia, Norfolk Island, French Polynesia, St Pierre and Miquelon, Pitcairn, Saint Helena, Turks and Caicos Islands, French Southern Territories, Tokelau, United States Minor Outlying Islands, Virgin Islands – British, Virgin Islands – United States, Wallis and Futuna, Mayotte.

- (b) Countries that have concluded free trade agreements with the European Union or other preferential market access arrangements:

- **EUROMED countries** – Algeria, Egypt, Jordan, Lebanon, Morocco, and Tunisia:
- **CARIFORUM countries** – Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.
- **Countries party to economic partnership agreements** – Botswana, Cameroon, Côte d'Ivoire, Eswatini, Fiji, Ghana, Kenya, Mauritius, Namibia, Papua New Guinea, the Seychelles, and Zimbabwe.
- **Eastern and Southern Africa** – Mauritius, the Seychelles, and Zimbabwe.
- **Pacific** – Papua New Guinea.
- **Other** – Mexico and South Africa.

- (c) Countries classified by the World Bank as high-income or upper-middle-income countries for three consecutive years, based on gross national income *per capita*:

- **High-income countries and territories** – Bahrain, Brunei Darussalam, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, and Macao, China
- **Upper-middle-income countries** – Argentina, Azerbaijan, Belarus, Brazil, Cuba, Gabon, the Islamic Republic of Iran, Kazakhstan, Libya, Malaysia, Palau, the Russian Federation, Uruguay, and the Bolivarian Republic of Venezuela

Since 2014, additional several countries lost the eligibility after reaching upper middle-income economy status. Additionally, several left GSP due to entering bilateral preferential arrangements with the European Union. The following are beneficiary countries and/or territories of the GSP of the European Union as of 2020^{4,5}:

- **General GSP beneficiaries** (15) – the Republic of the Congo, India, Indonesia, Kenya, the Federated States of Micronesia, Nauru, Nigeria, the Philippines, Samoa, Sri Lanka, Syria, Tajikistan, Tonga, Uzbekistan, Viet Nam,⁶ the Cook Islands, and Niue.
- **GSP+ beneficiaries** (8) – Armenia, the Plurinational State of Bolivia, Cabo Verde, Kyrgyzstan, Mongolia, Pakistan, Paraguay, the Philippines, and Sri Lanka.

- **EBA beneficiaries** (48) – Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, the Central African Republic, Chad, Comoros, the Democratic Republic of the Congo, Djibouti, Equatorial Guinea⁷, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, the Lao People’s Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar,⁸ Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, the Solomon Islands, Somalia, South Sudan,⁹ the Sudan, Timor-Leste, Togo, Tuvalu, Uganda, the United Republic of Tanzania, Vanuatu, Yemen, and Zambia.¹⁰

2. Product coverage

Over 6,350 products are eligible for the general arrangements of the GSP of the European Union, and 7,200 for the EBA initiative, including a number of agricultural and fish products listed in HS chapters 1–24, and almost all processed and semi-processed industrial products, including ferroalloys, that are listed in HS chapters 25–97, except for those in chapter 93 (arms and ammunition). It should be noted that the list of eligible products is not the same for all beneficiary countries. When exports to the European Union from a GSP beneficiary country exceeds certain value thresholds over a certain period of time, the tariff preference is suspended for the category of products and the country(ies) concerned. These suspensions are announced by means of Commission Implementing Regulations. The list of products covered, and the relevant treatment is contained in Annex V of the Regulation.

The reformed GSP scheme of the European Union has slightly expanded product coverage and, as a result, has increased preference margins for these products. The products concerned are mainly raw materials. The expansion of product coverage includes three categories: Category A, adding 15 new tariff lines to non-sensitive (duty-free access) products (Table 1); Category B, converting 4 tariff lines that were sensitive (reduced tariff access) to non-sensitive (Table 2); and Category C, adding 4 new tariff lines to GSP+ (duty-free access) (Table 3).¹¹

Table 1. Category A products

| Combined Nomenclature code | Description |
|----------------------------|---|
| 280519 | Alkali/alkaline-earth metals other than sodium and calcium |
| 280530 | Rare earth metals, scandium, and yttrium, whether or not intermixed/interalloyed |
| 281820 | Aluminium oxide, excluding artificial corundum |
| 310221 | Ammonium sulphate |
| 310240 | Mixtures of ammonium nitrate with calcium carbonate/other inorganic non-fertilizing substance |
| 310250 | Sodium nitrate |
| 310260 | Double salts and mixtures of calcium nitrate and ammonium nitrate |
| 320120 | Wattle extract |
| 780199 | Unwrought lead other than refined, n.e.s. in 78.01 |
| 810194 | Unwrought tungsten (wolfram), including bars and rods obtained simply by sintering |
| 810411 | Unwrought magnesium, containing at least 99.8% by weight of magnesium |
| 810419 | Unwrought magnesium (excluding 8104.11) |
| 810720 | Unwrought cadmium; powders |
| 810820 | Unwrought titanium; powders |
| 810830 | Titanium waste and scrap |

Note: n.e.s. corresponds to “not elsewhere specified”.

Table 2. Category B products

| Combined nomenclature code | Description |
|----------------------------|--|
| 06031200 | Fresh cut carnations and buds, of a kind suitable for bouquets or for ornamental purposes |
| 24011060 | Sun-cured oriental type tobacco, unstemmed or unstripped |
| 39076020 | Poly "ethylene terephthalate", in primary forms, having a viscosity number of ≥ 78 ml/g |
| 85219000 | Video recording or reproducing apparatus, excluding magnetic tape type; video recording or reproducing apparatus, whether or not incorporating a video tuner (excluding magnetic tape-type and video camera recorders) |

Note: n.e.s. corresponds to "not elsewhere specified".

Table 3. Category C products

| Combined nomenclature code | Description |
|----------------------------|---|
| 280519 | Alkali/alkaline earth metals other than sodium and calcium |
| 280530 | Rare earth metals, scandium and yttrium, whether or not intermixed/interalloyed |
| 281820 | Aluminium oxide, excluding artificial corundum |
| 780199 | Unwrought lead other than refined, n.e.s. in 78.01 |

Note: n.e.s. corresponds to "not elsewhere specified".

3. Depth of tariff cuts

Tariff preferences offered by the current GSP scheme differ according to the sensitivity of the products concerned: non-sensitive products enjoy duty-free access to the European Union market, while sensitive products benefit from tariff reductions.

The current GSP rate for sensitive products is calculated by applying one of following reductions (Table 4):

- A flat rate reduction of 3.5 percentage points to the most-favoured-nation duty (applicable to the *ad valorem* duties).
- A 30 per cent reduction in the most-favoured-nation duty where only specific duties apply to products listed in Annex V as sensitive products.
- A flat rate reduction of 3.5 percentage points applicable to the *ad valorem* duties only, where duties are composed of both *ad valorem* and specific duties.

Limited exceptions apply to textiles and clothing (products of sections S011a and S-11b in Annex V), the most-favoured-nation duties for which shall be reduced by 20 per cent.

With respect to agricultural products listed in HS chapters 1–24, wherever customs duties comprise an *ad valorem* duty and one or more specific duties, the preferential reduction is limited to the *ad valorem* duty.

Where the customs duties specify a maximum duty, that maximum duty shall not be reduced. Conversely, where the customs duties specify a minimum duty, that minimum duty shall not apply (Article 7).

The final rate of preferential duty calculated in accordance with the regulation shall be rounded down to the first decimal place. When the rate of an *ad valorem* duty for an individual declaration reduced in accordance with the Regulation is calculated to be 1 per cent or €2 or less for a specific duty, that duty shall be entirely suspended (Article 34).

(a) Maintenance of previous preferential margins

Given that the preferential duty rates under Regulation (EC) No. 2501/2001 might have resulted, in a more favourable treatment for a certain number of products than a reduction of 3.5 percentage points,

the 2008 GSP regime provided that the previous preferential duty rates shall apply in such cases (Council Regulation (EC) No. 732/2008, Article 6, paragraph 3, 2008). This provision is maintained under the current scheme (Regulation (EU) No. 978/2012, Article 7, paragraph 3).

When checking for possible preferences, it is important for GSP users to determine the correct customs classification for their products according to the Combined Nomenclature.¹² Once this has been done, the user should check whether the Combined Nomenclature subheading under which the product is classified is listed in Annex V to the Regulation, and then calculate the applicable tariff reduction accordingly.

Table 4. Summary of tariff cuts provided by the Generalized System of Preferences scheme of the European Union

| Council Regulation (EC) No 978/2012 | | | |
|-------------------------------------|---|--|--|
| Lists of products | General arrangements | GSP+ arrangements | EBA arrangements for least developed countries |
| Products covered | The 6,350 products listed in Annex II | The 6,400 products listed in Annex II | All products in HS chapters 1–97, except arms (chapter 93) |
| Sensitive products | Flat-rate reduction of 3.5 percentage points in the most-favoured-nation duty (applicable to <i>ad valorem</i> duties only) | Duty-free entry (where duty is composed of both <i>ad valorem</i> and specific duties, the total tariff paid amounts to the specific duty) | Duty-free entry |
| | 30% reduction in the MFN duty, where only specific duties apply | | |
| | 20% reduction for textiles and textile articles | | |
| Non-sensitive products | Duty-free entry | Duty-free entry | Duty-free entry |

Notes: The list contained in the 2012 scheme was slightly expanded in 2013. See Chapter II, Section B, 2: Product coverage.

(b) Examples of a GSP tariff calculation

Since tariffs on all imports listed as non-sensitive in Annex II to the Regulation have been totally suspended, only sensitive products have been used below to demonstrate how to calculate the GSP rate.¹³

Case 1 – Swordfish: It is on the list of sensitive products and its GSP rate is calculated as shown in Table 5.

Table 5. Example of a GSP tariff calculation (ad valorem duty only)

| CN code | Product description | 2012 MFN rate | Tariff reduction | 2012 GSP rate |
|------------|---------------------|---------------|-------------------|---------------|
| 0304 91 00 | Swordfish | 7.5% | 3.5 percent point | 4% |

Case 2 – Sweet potatoes (other): Only specific duty is applied to this product, the GSP rate is calculated as shown in Table 6).

Table 6. Example of a GSP tariff calculation (specific duty only)

| CN code | Product description | 2012 MFN rate | Tariff reduction | 2012 GSP rate |
|---------------|------------------------|----------------|------------------|-------------------|
| 0714 20 90 00 | Sweet potatoes (other) | 6.4 EUR/100 kg | 30% | 4.4 EUR/100 kg |

Case 3 – Couscous (other): Combined duty is applied to this product, the GSP rate is calculated as shown in Table 7.

Table 7. Example of a GSP tariff calculation (ad valorem and specific duty)

| CN code | Product description | 2012 MFN rate | Tariff reduction | 2012 GSP rate |
|---------------|---------------------|------------------------|---|------------------------|
| 1902 40 90 00 | Couscous (other) | 6.4% + EUR 9.7 /100 kg | 3.5 Percentage points (applicable to the ad valorem part only) | 2.9% + EUR 9.7 /100 kg |

Case 4 – Men's or boys' shirts, knitted or crocheted (cotton): As for all products in chapters 50–63 of the combined nomenclature, the tariff cut under the GSP scheme amounts to 20 per cent of the most-favoured-nation rate (see Table 8).

Table 8. Example of a GSP tariff calculation (textiles and textile Articles)

| CN code | Product description | 2012 MFN rate | Tariff reduction | 2012 GSP rate |
|---------------|---|---------------|------------------|---------------|
| 6105 10 00 00 | Men's or boys' shirts, knitted or crocheted: cotton | 12% | 20% | 9.6% |

Case 5 – Cigars, cheroots and cigarillos containing tobacco: where the former formulae provide for deeper preferential tariff cuts, the applicable GSP rate does not change. This product is on the list of sensitive products and incorporates a maximum and a minimum duty, the calculation is shown in Table 9).

Table 9. Example of a GSP tariff calculation (lowest rate applies)

| CN code | Product description | 2012 MFN rate | Tariff reduction | 2012 GSP rate | Lowest rate applied |
|---------------|---|---------------|---|---|---------------------|
| 2402 10 00 00 | Cigars, cheroots and cigarillos, containing tobacco | 26% | 3.5 percentage points = GSP rate of 22.5% | 65% tariff reduction = GSP rate of 9.1% | 9.1% |

4. Country-product section graduation and country graduation mechanism

Country-product section graduation refers to the withdrawal of preferences for an entire section of products originating in a certain GSP beneficiary country when the graduation criteria are met. The current GSP scheme applies to all products in a section of the Combined Nomenclature code. Graduation criteria should be based on sections and chapters of the common customs tariff. Preferences will only be withdrawn from product sections in a certain GSP beneficiary country after they have met the parameters for three consecutive years, thus providing beneficiary countries with some early warning mechanisms before any action relating to graduation is taken by the European Union. The country graduation mechanism refers to the removal of GSP beneficiary countries from the list owing to the level of income of a beneficiary country or in case a country benefits from a preferential market access arrangement.

(a) Country-product section graduation

The tariff preferences referred to in Article 7 of in Regulation (EU) No.978.2012 shall be suspended, in respect of products of a GSP section originating in a GSP beneficiary country, when the average value of Union imports of such products over three consecutive years from that GSP beneficiary country exceeds the following thresholds. The thresholds shall be calculated as a percentage of the total value of Union imports of the same products from all GSP beneficiary countries.

Table 10. Modalities for the application of product graduation

| Criteria | Section | Graduation thresholds (%) |
|---|--|---------------------------|
| When the average value of Union imports over three consecutive years from a GSP beneficiary country exceeds thresholds. | All sections (except agriculture products) | 57.0 |
| | S-2a, S-3 and S-5 | 17.5 |
| | S-11a and S-11b | 47.2 |

Prior to the application of the tariff preferences provided for in this Regulation, the Commission shall adopt an implementing act establishing (effective from 1 January 2014), in accordance with the advisory procedure, a list of GSP sections providing the tariff preferences are suspended in respect of a GSP beneficiary country. The Commission shall, every three years, review the list referred to in Article 8(2) and adopt an implementing act, in accordance with the advisory procedure, in order to suspend or to re-establish the tariff preferences. That implementing act shall apply as of 1 January of the year following its entry in force.

The list referred to in Article 8(2)(3) shall be established on the basis of the import data from GSP beneficiary countries available on 1 September of the year in which the review is conducted and of the two years preceding the review year. The Commission shall notify the country concerned of the implementing act adopted in accordance with Article 8(2)(3).

(b) Country graduation mechanism

Article 4 of the Regulation (EU) No. 978/2012 provides that beneficiary countries (except LDCs) shall be removed from the list of GSP beneficiary countries (Annex II of the Regulation) if they meet either of the following criteria:

- The country is classified by the World Bank as a high-income or upper-middle-income country for three consecutive years immediately preceding the update of the list of beneficiary countries.
- It benefits from a preferential market access arrangement that provides the same tariff preferences as the scheme, or better, for substantially all trade.

(c) Either condition can trigger country graduation

Those countries which benefit from a preferential market access arrangement, the Free Trade Agreement with the European Union lose the beneficiary status after two years when the arrangements entry into force.

Countries that have graduated from the general GSP scheme of the European Union remain eligible for the scheme but are no longer beneficiaries thereof. This means that if their situation changes, that is to say, if they are no longer classified as high- or middle-upper-income economies, they would again become beneficiaries of the GSP scheme of the European Union.

5. Special arrangement for least developed countries: Everything but Arms initiative

The EBA initiative is a permanent arrangement and is not affected by the changes introduced in the current GSP scheme of the European Union. The 48 LDCs continue to benefit from EBA as of 2019.

The 2001 EBA initiative, as currently incorporated in the Regulation (Articles 17 and 18) extends duty and quota-free access to all products originating in LDCs, except for arms and ammunition listed in HS chapter 93.¹⁴ The EBA initiative covers all agricultural products, including sensitive products such as beef and other meat; dairy products; fruit and vegetables; processed fruit and vegetables; maize and other cereals; starch; oils; processed sugar products; cocoa products; pasta; and alcoholic beverages. For most of these products, the pre-EBA GSP scheme provided a percentage reduction of most-favoured-nation rates, which would apply solely to the *ad valorem* duties, thus making the specific duties still applicable in full. The 2002–2005 GSP scheme of the European Community changed this provision, and the current

2012 regulation states in Article 18(1), that “*The Common Customs Tariff duties on all products that are listed in chapters 1 to 97 of the Combined Nomenclature, except those in Chapter 93, originating in an EBA beneficiary country, shall be suspended entirely*”. Thus, specific and other duties are not applicable to exports from LDCs, an example being the rather complicated entry price system used to regulate the access of certain fruit and vegetables, such as cucumbers and courgettes, to the European Union market.

Taking into account that products covered by the Common Agricultural Policy still face customs duties under the Cotonou Agreement, the EBA initiative made the GSP of the European Union a more favourable scheme for LDCs in terms of tariff treatment and product coverage than the preferential trade arrangements available under the Agreement.

The European Union’s GSP rules of origin, which went into force on 1 January 2011, contain origin-determining requirements that are specific to LDCs¹⁵ in an effort to address the problem of capacity constraints in LDCs. Two major improvements in this regard are as follows:

- 1) The allowance for the use of non-originating materials has been increased for many manufactured products originating in LDCs.
- 2) The use of imported fabric is allowed for apparel products to be considered as originating, that is to say, there is a single transformation requirement.

The possibility of cumulation under the GSP rules of origin of the European Union is, however, very much limited, while the Cotonou Agreement allows full cumulation with partners from African, Caribbean and Pacific (ACP) States. On the one hand, if an ACP State desires to take advantage of the EBA duty- and quota-free treatment, it will have to do so as a GSP beneficiary and will thus lose the opportunity for full cumulation with its ACP partners. On the other hand, if an LDC that is an ACP State wants to take advantage of the more favourable Cotonou cumulation system, it will be subject to the customs duties and quantitative limitations specified under the Cotonou Agreement, where applicable.

Similarly, LDCs must be aware that, since the EBA initiative is an integral part of the GSP scheme of the European Union, such duty- and quota-free treatment is subject to the procedural rules of that scheme, such as the unilateral and unbound character of the GSP, the possibility of the temporary withdrawal of the preferences and its rules of origin.

A beneficiary country should graduate from the EBA initiative when it is excluded from the United Nations list of LDCs. The Commission reviews the eligibility of countries continuously. It is the Commission, however, that will decide on the removal of the country from the EBA and the establishment of a three-year transitional period.

Table 11. Everything but Arms initiative: Summary

| | Before the initiative | Since the initiative (from March 2001) |
|---------------------|---|---|
| Product coverage | <ul style="list-style-type: none"> • All GSP-covered products • Additional list of products for LDCs only • Certain sensitive agricultural products are excluded | All products but arms (HS chapter 93) |
| Depth of tariff cut | <ul style="list-style-type: none"> • Duty-free treatment of all GSP-covered products • For the additional list of products, different tariff cuts are available according to the import sensitivity of products (four product categories) • No preferences on the specific component of most-favoured-nation duties, entry price, agricultural component or other duties | Duty-free treatment for all products |
| Rules of origin | Regulation (EC) No. 1602/2000 ¹⁶ | Commission Implementing Regulation (EU) 2015/2447 |

6. Special incentive arrangement for sustainable development and good governance: GSP+

The European Union introduced in 2006 a special incentive arrangement focusing on sustainable development and good governance, known as “GSP+”. This scheme provides more favourable tariff treatment for a range of products originating in those countries that meet certain conditions. GSP+ originates in three different special incentive systems that were introduced in the 2002–2004 GSP scheme with a view to protecting labour rights and the environment and combating drug production and trafficking. However, as a result of a WTO dispute case brought by India concerning special arrangements to combat drug production and trafficking, the 2006 GSP scheme of the European Union introduced the GSP+ arrangements replacing the three special incentive schemes.

The special incentive arrangement for sustainable development and good governance of the European Union, GSP+, was revamped on 1 January 2014. It is designed to help developing countries assume the special burdens and responsibilities resulting from the ratification of core international conventions on human and labour rights, environmental protection and good governance as well as from the effective implementation thereof. The reformed GSP+ arrangement provides more incentives for countries to join, while at the same time enhances its monitoring to ensure compliance with core international conventions.

The rules of procedure for the granting of GSP+ preferences are established by Commission Delegated Regulation (EU) No. 155/2013 of 18 December 2012 (Appendix II), which entered into force on 22 February 2013.

(a) Special incentive arrangement: Eligibility criteria

The Regulation No. 978/2012 in Article 9 sets strict and clear criteria for granting GSP+.

In order to qualify for the GSP+, a country must meet the following criteria:

- The applicant must be considered ‘vulnerable.’ A vulnerable country means a country:
 - which is not classified by the World Bank as a high-income or upper-middle income country during three consecutive years (in other words, is a beneficiary of the standard GSP);
 - whose imports into the European Union are heavily concentrated in a few products (the 7 largest sections of its GSP-covered imports into the European Union represent more than 75 per cent in value of its total GSP-covered imports); and
 - with a low level of imports into the European Union (its GSP-covered imports into the European Union represent less than 6,5 per cent in value of the European Union’s total GSP-covered imports from all GSP beneficiaries).
- The applicant must have ratified the 27 core international conventions in the fields of human and labour right, the environment and good governance listed in Annex VIII to the GSP Regulation and the monitoring bodies under these conventions must not identify a serious failure to its effective implementation of any of these conventions (see Box 1).
- The applicant must give the following binding undertakings:
 - Maintain the ratification of these 27 conventions and to ensure their effective implementation.
 - Accept without reservation reporting requirements and monitoring imposed by those convention.
 - Accept and cooperate with the European Union monitoring procedure.

Once a country qualifies for the GSP+, it has to duly comply with its binding undertakings. Its performance in this regard is subject to an enhanced monitoring mechanism by the European Union side.

Box 1. The list of 27 core international conventions for the purpose of GSP+

Beneficiary countries must ratify and comply with the following conventions:

- (a) Fifteen conventions relating to core human and labour rights listed in annex VIII, part A:
 1. Convention on the Prevention and Punishment of the Crime of Genocide (1948);
 2. International Convention on the Elimination of All Forms of Racial Discrimination (1965);
 3. International Covenant on Civil and Political Rights (1966);
 4. International Covenant on Economic Social and Cultural Rights (1966);
 5. Convention on the Elimination of All Forms of Discrimination Against Women (1979);
 6. Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (1984);
 7. Convention on the Rights of the Child (1989);
 8. Convention concerning Forced or Compulsory Labour, No. 29 (1930);
 9. Convention concerning Freedom of Association and Protection of the Right to Organize, No. 87 (1948);
 10. Convention concerning the Application of the Principles of the Right to Organize and to Bargain Collectively, No. 98 (1949);
 11. Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No. 100 (1951);
 12. Convention concerning the Abolition of Forced Labour, No. 105 (1957);
 13. Convention concerning Discrimination in Respect of Employment and Occupation, No. 111 (1958);
 14. Convention concerning Minimum Age for Admission to Employment, No. 138 (1973);
 15. Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No. 182 (1999);
- (b) Twelve conventions relating to the environment, good governance and the fight against drug production and trafficking, as listed in part B of annex VIII:
 1. Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973);
 2. Montreal Protocol on Substances that Deplete the Ozone Layer (1987);
 3. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (1989);
 4. Convention on Biological Diversity (1992);
 5. United Nations Framework Convention on Climate Change (1992);
 6. Cartagena Protocol on Biosafety (2000);
 7. Stockholm Convention on Persistent Organic Pollutants (2001);
 8. Kyoto Protocol to the United Nations Framework Convention on Climate Change (1998);
 9. United Nations Single Convention on Narcotic Drugs (1961);
 10. United Nations Convention on Psychotropic Substances (1971);
 11. United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988);
 12. United Nations Convention against Corruption (2004).

(b) Product coverage and depth of tariff cuts

Under Chapter III of the Regulation, the special incentive arrangement applies to all GSP-covered products originating in GSP+ beneficiary countries, as listed in Annex IX of the Regulation.

GSP+ rates are calculated as follows:

- The Common Customs Tariff *ad valorem* duties on all products listed in Annex IX, which originate in a GSP+ beneficiary country shall be suspended (Article 12, paragraph 1).
- Customs Tariff specific duties on products referred to in paragraph 1 shall be suspended entirely, except for products for which the Common Customs Tariff duties include *ad valorem* duties. For products with Combined Nomenclature code 1704 10 90, the specific duty shall be limited to 16 per cent of the customs value. (Article 12, paragraph 2).

Graduation no longer applies to GSP+ countries in the European Union's current GSP scheme. Like EBA countries, GSP+ countries are deemed vulnerable and display no diversified export base. Given that graduation has never applied to EBA countries, it was considered fair to treat the GSP+ countries in the same way. Furthermore, while under the previous scheme, applications for GSP+ were open once every 18 months only, the current scheme allows countries to make such a request at any time. Moreover, monitoring has been enhanced by means of a continuous dialogue with beneficiary countries and by mandating reports every two years instead of every three years, and scrutiny is undertaken not only by the Council of the European Union but also by the European Parliament. Previously, only the former had scrutiny powers. Also, the burden of proof has been reversed. When evidence points to problems with the implementation, it is up to the beneficiary country to demonstrate a positive record.

As of May 2019, the following 8 countries are GSP+ beneficiaries: Armenia, the Plurinational State of Bolivia, Cabo Verde, Kyrgyzstan, Mongolia, Pakistan, the Philippines, and Sri Lanka.

(c) GSP+ monitoring

The Regulation provides for enhanced monitoring of the GSP+ beneficiaries' obligations. Once a country is granted GSP+, the Commission must check to make sure that it abides by its commitments, namely to:

- Maintain ratification of the international conventions covered by the GSP+ scheme.
- Ensure their effective implementation.
- Comply with reporting requirements.
- Accept regular monitoring and review of their implementation record in accordance with the conventions.
- Cooperate with the Commission and provide all necessary information (Article 13).

In order to meet its monitoring obligations, the Commission prepares a scorecard of each GSP+ beneficiary, which serves to measure GSP+ country compliance with the above-mentioned commitments.

Beneficiaries receive their individual scorecard upon notification of their GSP+ entry or immediately thereafter. The Commission then establishes a dialogue on GSP+ compliance with the authorities of the beneficiary countries, drawing their attention to the areas identified in the scorecards. At regular intervals, the Commission engages with the beneficiaries, who are expected to demonstrate their serious efforts towards tackling the issues set out in the scorecards.

Every two years, the Commission will present to the European Parliament and to the Council of the European Union a status report on the status of ratification of the relevant conventions, on compliance of GSP+ countries with reporting obligations under the conventions and on the status of the effective implementation thereof.

7. Temporary withdrawal of the European Union's Generalized System of Preferences scheme

Under Article 19 of the Regulation, preferences may be temporarily withdrawn in respect of all or of certain products, for the following reasons:¹⁷

- Serious and systematic violation of principles laid down in the conventions listed in Annex VIII, part A of the Regulation.
- Export of goods made by prison labour.
- Serious shortcomings in customs controls on the export or transit of drugs (illicit substances or precursors), or failure to comply with international conventions on antiterrorism and money laundering.
- Serious and systematic unfair trading practices, including those affecting the supply of raw materials, which have an adverse effect on the Union industry, and which have not been addressed by the beneficiary country. For those unfair trading practices, which are prohibited or actionable under the WTO Agreements, the application of this Article shall be based on a previous determination to that effect by the competent WTO body.
- Serious and systematic infringement of the objectives adopted by regional fishery organizations or any international arrangements to which the European Union is a party concerning the conservation and management of fishery resources.

Under Article 15, paragraph 1, of the Regulation, a country will be temporarily withdrawn from the GSP+ arrangement when it fails to respect its binding undertakings referred to above, or when the beneficiary country formulates a reservation that is prohibited by any of the relevant conventions or is incompatible with the object and purpose of the convention. Paragraph 2 establishes that the burden of proof will be on the GSP+ beneficiary country. Paragraph 3 establishes ways that the Commission can temporarily suspend preferences when it finds, based on available evidence or its own reports, that a country fails to respect its binding undertaking referred to in points (d), (e) and (f) of Article 9, paragraph 1, as indicated below, or that the beneficiary country formulates a reservation that is prohibited by any of the relevant conventions or is incompatible with the object and purpose of the convention as established in point (c) of Article 9, paragraph 1, as follows:

“(c) In relation to any of the relevant conventions, it has not formulated a reservation which is prohibited by any of those conventions or which is for the purposes of this Article considered to be incompatible with the object and purpose of that convention;

(d) It gives a binding undertaking to maintain ratification of the relevant conventions and to ensure the effective implementation thereof;

(e) It accepts without reservation the reporting requirements imposed by each convention and gives a binding undertaking to accept regular monitoring and review of its implementation record in accordance with the provisions of the relevant conventions; and

(f) It gives a binding undertaking to participate in and cooperate with the monitoring procedure referred to in Article 13.”

Furthermore, Article 21, paragraph 1, of the Regulation provides that the Commission may suspend the preferential arrangements provided for in the Regulation on the following grounds:

- Fraud, irregularities or systematic failure to comply with or to ensure compliance with the rules of origin concerning the origin of the products and with the procedures related thereto.
 - Failure to provide administrative cooperation as required for the implementation and policing of the preferential arrangements available under the GSP regime.
-

Under Article 21, paragraph 2, of the Regulation, administrative cooperation means that, *inter alia*, that a beneficiary country should do the following:

- Communicate to the Commission and update the information necessary for the implementation of the rules of origin and the policing thereof.
- Assist the Union by carrying out, at the request of the customs authorities of the Member States, subsequent verification of the origin of the goods, and communicate its results in time to the Commission.
- Assist the Union by allowing the Commission, in coordination and close cooperation with the competent authorities of the Member States, to conduct the Union administrative and investigative cooperation missions in that country, in order to verify the authenticity of documents or the accuracy of information relevant for granting the preferential arrangements referred to in Article 1(2).
- Carry out or arrange for appropriate inquiries to identify and prevent contravention of the rules of origin.
- Comply with or ensure compliance with the rules of origin in respect of regional cumulation, within the meaning of Regulation (EEC) No 2454/93, if the country benefits therefrom.
- Assist the Union in the verification of conduct where there is a presumption of origin-related fraud, whereby the existence of fraud may be presumed where imports of products under the preferential arrangements provided for in this Regulation massively exceed the usual levels of the beneficiary country's exports.

Temporary withdrawal is not automatic, but instead follows the procedural requirements laid down in Articles 19–21 of the Regulation. The procedural requirements in the regulation differ from those in previous regulations. Under the current regulation, the Commission may suspend any of the preferential arrangements, following the procedure as below:

- (a) **Implementing act** (Article 19, paragraph 3): When the Commission considers that there are sufficient grounds for justifying temporary withdrawal of preferences under any of the GSP arrangements of the European Union, it shall adopt an implementing act to initiate the procedure for temporary withdrawal. This process must be done in accordance with the European Union's rules for an advisory procedure, which are found in Regulation (EU) No. 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers. In short, these rules require that the Commission deliver its opinion, if necessary, by taking a vote. When a vote of the committee occurs, it requires a simple majority to pass. The Commission must decide on a draft implementing act to be adopted, in accordance with the findings of the Commission and its opinion.
 - (b) **Notice** (Article 19, paragraph 4): Following the implementing act, the Commission must publish a notice in the *Official Journal of the European Union* announcing the initiation of a temporary withdrawal procedure and shall notify the beneficiary country concerned thereof. The notice must contain substantive grounds for starting the implementing act, and state that the Commission will monitor the situation for the following six months.
 - (c) **Monitoring and evaluation period** (Article 19, paragraph 5): During the six-month monitoring and evaluation period, the Commission shall allow the beneficiary country in question an opportunity to cooperate at all stages and shall seek all the information it considers necessary and relevant to determining if temporary suspension is warranted. Within three months after the said monitoring and evaluation period has ended, the Commission must submit a report on its findings and conclusions to the beneficiary country concerned. That country then has no more than one month to submit comments to the report, if it so wishes. In the six months following the end of the monitoring and evaluation period (the first six-month period), the Commission must decide
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whether or not to temporarily suspend preferences, based on the available evidence. The period of suspension cannot be longer than six months, at which point the Commission must either terminate the suspension or extend it.

- (d) **Urgency procedure** (Article 21, paragraph 3): When the Commission judges that withdrawal is urgent for reasons set out in paragraphs 1 and 2 of this Article, the Commission is empowered to withdraw preferences in an expedited manner, in accordance with Regulation (EU) No. 182/2011 Articles 5 and 8, which allow the Commission to act expeditiously on certain urgent matters.
- (e) **Reinstate tariff preferences** (Article 20): After preferences have been withdrawn, if the Commission finds that the reasons justifying withdrawal no longer apply, it may reinstate the country's beneficiary status.

8. Safeguard clauses

Under the European Union's current GSP scheme, the most-favoured-nation duties on a particular product may be reintroduced at any time at the request of a Member State or on the Commission's own initiative, if a product originating in one of the beneficiary countries or territories is imported on terms which cause or threaten to cause serious difficulties to a Community producer of like or directly competing products (Article 22, paragraph 1).

Investigations as to whether or not safeguard clauses should apply may be requested by Member States, any legal persons or any associations not having a legal personality, acting on behalf of Union producers, or on the Commission's own initiative if there is sufficient prima facie evidence that the conditions of Article 22, paragraph 1, are met. Where there is sufficient prima facie evidence that safeguard clauses may be called for, the Commission must first publish a notice in the *Official Journal of the European Union* announcing the investigation, providing all necessary details about the procedure and deadlines, including recourse to the directorate general of trade of the European Commission (Article 24, paragraph 3). The initiation must happen within one month of receiving the request, and the investigation must be concluded within 12 months from its initiation.

In examining whether there are serious difficulties, the Commission takes into account, *inter alia*, the following factors concerning Union producers, where the information is available: Market share; Production; Stocks; Production capacity; Bankruptcies; Profitability; Capacity utilization:Employment; Imports; and Prices.

The beneficiary country concerned shall be informed by the Commission as soon as possible of any decision to take safeguard measures. The Commission shall also notify the Council and the Member States thereof. Any Member State (not just the State concerned) may refer a Commission decision to the Council within one month, and the Council may adopt a different decision within one month.

In the case of imports of the textile, agricultural, and fisheries products listed in sections S-11a and S-11b of Annex V of the Regulation or of products falling under Combined Nomenclature codes CN 2207 10 00, 2207 20 00, 2909 19 10, 3814 00 90, 3820 00 00, and 3824 90 97, the European Union's GSP scheme provides for the application of safeguard measures, at the Commission's own initiative or at the request of a Member State, under the following conditions:

- When these imports increase by at least 13.5 per cent in quantity (by volume) as compared to the previous calendar year; or
- When these imports or products under GSP sections S-11a and S-11b of Annex V of the Regulation exceed the share referred to in Annex VI, point 2, of the value of Union imports of products in GSP sections S-11a and S-11b of Annex V from all countries and territories listed in Annex II during any 12-month period.

Both cases will result in the withdrawal of the preferential tariff rates applied to products from section XI (b) originating in a beneficiary country covered under the general arrangements and the GSP+ arrangements.

Beneficiary countries of the EBA initiative and countries with not more than a 6 per cent share of the imports into the Community from all GSP-covered countries are not affected by safeguard measures. The removal of preferences shall take effect two months after the publication of the Commission's decision in the Official Journal of the European Union.

9. Surveillance measures in the agricultural and fisheries sectors

In view of the increased product coverage under the 2006 GSP scheme of the European Community, mainly for agricultural and fishery products, the 2006 GSP scheme introduced a special surveillance mechanism for HS chapters 1–24 that had not existed under the previous arrangements. The purpose is to prevent disruption of the Community market by the import of agricultural products. This mechanism remains in the current scheme.

None of the procedural periods for initiating the safeguards clause, that is to say, the consultation, the investigation, or the submission of views by interested parties, may exceed two months in the following two cases:

- 1) When the beneficiary country does not ensure compliance with the rules of origin or does not provide the administrative cooperation required; or
- 2) When imports of GSP-covered agricultural products massively.

C. Rules of origin under the European Union's Generalized System of Preferences scheme

All legal citations in this section refer to Articles 70–112 and Annexes 22-06, 22-07, 22-08, 22-09 and 22-10 of Commission Implementing Regulation (EU) 2015/2447 (the implementing provisions of the Union Customs Code – hereafter referred to as Implementing Act - IA) and Articles 37, 41–58 and Annexes 22-03, 22-04, 22-05 of Commission Delegated Regulation (EU) 2015/2446 (the delegated provisions of the Union Customs Code – hereafter referred to as Delegated Act – DA).

1. Origin-determining criteria

The origin-determining criteria are fundamental to the rules of origin. They determine how and when a product can be considered as originating in a GSP beneficiary country. Unchanged from the previous rules, a product is considered as originating in a beneficiary country if it has been wholly obtained, or sufficiently worked or processed from imported materials.

(a) Products wholly obtained

Products are considered to be wholly obtained in a country by virtue of their nature and absence of imported inputs in the final composition of these products (*i.e.*, plants, vegetables, minerals, fish and the like).

The definitions are the same as the previous rules of origin, except for fisheries products taken from the sea outside territorial waters, that is, outside the 12-mile zone. The conditions for fisheries vessels have been simplified for these products. Previously there were some requirements on nationalities of the crew but these conditions have been eliminated. Also, requirements for ownership of fisheries vessels have been simplified, and as explained in the subsequent paragraph following the list below, cumulation of conditions for fisheries vessels is permitted.

Under the current rules of origin, the following shall be considered as wholly obtained in a beneficiary country (Article 44 DA):

- (a) Mineral products extracted from its soil or its 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 and molluscs are born and raised there.
- (h) Products of sea fishing and other products taken from the sea outside any territorial sea by its vessels.
- (i) Products made on board its factory ships exclusively from the products referred to in point (h).
- (j) Used articles collected there are fit solely for the recovery of raw materials.
- (k) Waste and scrap resulting from manufacturing operations conducted there.
- (l) Products extracted from the seabed or below the seabed which is situated outside any territorial sea but where it has exclusive exploitation rights.
- (m) Goods produced there exclusively from products specified in points (a) to (l).

(b) Products of sea fishing and other products taken from the sea “Territorial waters”

Within the context of these rules of origin, the scope is strictly limited to the 12-mile zone, as laid down in the United Nations International Law of the Seas (1982 Montego Bay Convention). The existence of an Exclusive Economic Zone with more extensive coverage (up to a 200-mile limit) is not relevant for this purpose. Fish caught outside the 12-mile zone (“on the high seas”) can only be considered to be wholly obtained if caught by a vessel that satisfies the definition of “its vessels” and “its factory ships”. Fish caught inland or within the territorial waters is always considered to be wholly obtained.

The terms “its vessels” and “its factory ships” in (h) and (i) shall apply only to vessels and factory ships which meet requirements (a), (b) and (c) (laid down in Article 44(2) DA):

- (a) They are registered in the beneficiary country or in a European Union Member State.
- (b) They sail under the flag of the beneficiary country or of a European Union Member State.
- (c) They meet one of the following conditions:
 - they are at least 50 per cent owned by nationals of the beneficiary country or of Member States; or
 - they are owned by companies:
 - which have their head office and their main place of business in the beneficiary country or in Member States; and
 - which are at least 50 per cent owned by the beneficiary country or Member States or public entities or nationals of the beneficiary country or Member States.

The conditions of “its vessels” and “its factory ships” may each be fulfilled in Member States or in different beneficiary countries insofar as all the beneficiary countries involved benefit from regional cumulation in accordance with Article 55(1) and (5). In this case, the products shall be deemed to have the origin of the beneficiary country under which flag the vessel or factory ship sails in accordance with point (b) of Article 44(2).

(c) Products that are sufficiently worked or processed from imported materials

When imported inputs are used to manufacture a finished product, the rules of origin require that these non-originating materials be sufficiently worked or processed to be considered as originating in the beneficiary country.

In practice, except for naturally occurring and related products, situations where only a single country is involved in the manufacture of a product are relatively rare. Globalization of manufacturing processes has resulted in many products being made from parts, materials, *etc.*, coming from all over the world. Such products are not wholly obtained, but they can nevertheless obtain originating status.

The condition is that the non-originating materials used (the materials imported into the beneficiary country) have undergone “sufficient working or processing”. It must be stressed that only the non-originating materials need to be worked or processed sufficiently. If the other materials used are by themselves already originating (either by virtue of being wholly obtained, or by having been worked or processed sufficiently), they do not have to satisfy the conditions set out. What can be considered as sufficient working or processing, depends on the product in question.

(d) Allowance for the use of non-originating inputs for products originating in least developed countries

The current rules of origin contain the origin-determining requirements that are specific to LDCs in an effort to address the problem of capacity constraints in LDCs. There are two major improvements in this regard:

- 1) Allowance for the use of non-originating materials has been increased for many manufactured products originating in LDCs.
- 2) Use of imported fabric is allowed for apparel products to be considered as originating, that is, there is a single transformation requirement.

Under the 2008 GSP scheme, the value-added criteria often required 60 per cent or higher domestic content for LDCs, but under the current rules of origin it has been reduced to 30 per cent. For apparel products to obtain originating status, these products had to be assembled with fabrics that had been woven or knitted domestically, that is, there was a double transformation requirement. The change from double to single transformation requirements is a particularly significant improvement for LDCs, as most of these countries do not possess the weaving capacity to meet the double transformation requirement for apparel products.

The rules of origin for agricultural products are identical for developing-country and LDC beneficiaries.

(e) The List of working or processing operations which confer originating status (Annex 22-03 DA).

The structure of this list has to be understood in order to be able to apply the origin criteria. The list consists of 3 columns:

- **Column 1** states the HS heading or sub-heading.
- **Column 2** contains the description of the goods which come under the HS heading or subheading in question.
- **Column 3** contains the applicable criteria. For certain headings and sub-headings, a differentiation has been done for least developed countries and other beneficiary countries. This column is split between the qualifying operation applicable to least-developed countries and the qualifying operation applicable to other countries.

The countries benefiting from the special arrangement for the least developed countries are listed in Annex IV to Regulation (EC) No 978/2012. In order to be able to use this list, the classification of the product in question has to be established in the Harmonised System Nomenclature (on a 4-digit level or sometimes on a 6-digit level). It is also necessary to know the correct HS classification of the non-originating materials used in the manufacture of the product.

Basically, the list uses one of four methods, or combinations of these methods, to lay down what amount of working or processing can be considered as “sufficient” in each case:

- **The change of heading criterion** (also known as the change of tariff heading or tariff jump criterion). This means that a product is considered to be sufficiently worked or processed when the product obtained is classified in a 4-digit heading of the Harmonised System Nomenclature, which is different from those in which all the non-originating materials used in its manufacture are classified.

An **example** is the manufacture of a straw basket, classified under heading 4602 of the Harmonized System. The list shows for the whole of Chapter 46 the criterion “manufacture in which all the materials used are classified within a heading other than that of the product”. As the basket is classified under 4602, while the straw material was imported under 1401, the origin criterion is clearly satisfied. In some cases, the change of tariff sub-heading (at a 6-digit level) rule applies. It works in the same manner as the change of heading rule.

- **The value or *ad valorem* criterion**, where the value of non-originating materials used may not exceed a given percentage of the *ex-works* price of a product. (The notions “*ex-works* price” and “value” are two of the definitions in Article 37 DA).

An **example** is the manufacture of umbrellas of HS heading 6601, where column 3 in the list reads “manufacture in which the value of all the materials used does not exceed 70 per cent of the *ex-works* price of the product”. Here a comparison has to be made between the *ex-works* price of the product and the value of all non-originating materials.

- **The specific process criterion**, when certain operations or stages in a manufacturing process have to be carried out on any non-originating materials used.

Many **examples** of this kind of origin criterion can be found in the textile sector, e.g. woven fabrics of cotton of headings 5208 to 5212 of the HS, for which column 3 in the list reads among other “weaving accompanied by dyeing or by coating”. For example, the manufacture of a garment starting from non-originating yarn confers origin. This means that weaving and all subsequent manufacturing stages must be carried out in the beneficiary country. A process criterion of this kind implies that starting from an earlier manufacturing stage (e.g., chemical material or natural fibers) also confers originating status, while starting from a later stage (e.g., dyeing only) does not.

- **Working or processing** is carried out on certain wholly obtained materials.

An **example** is the manufacture of preparations used in animal feeding of heading 2309. According to the list rule applicable to this product, all the materials of Chapters 2 (Meat and edible meat offal) and 3 (fish) used in the manufacture of such products are to be wholly obtained.

(f) **Insufficient working or processing (Article 47 DA)**

Certain types of working and processing are always considered to be insufficient, even if the criteria of the list are satisfied. Also, there is a **‘tolerance rule (see the section of Relation of rules of origin)’** allowed in some cases where not all the non-originating materials have to comply with the basic conditions in the list.

Article 47 DA contains a list of operations which are considered, on their own or in combination with each other, never to be sufficient to confer origin.

The list of insufficient (or minimal) operations reads as follows:

- (a) Preserving operations to ensure that the products remain in good condition during transport and storage.
- (b) Breaking-up and assembly of packages.
- (c) Washing, cleaning; removal of dust, oxide, oil, paint, or other coverings.
- (d) Ironing or pressing of textiles and textile articles.

- (e) Simple painting and polishing operations.
- (f) Husking and partial or total milling of rice, 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, or simple cutting.
- (i) Sharpening, simple grinding 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 like distinguishing 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 addition of water or dilution or dehydration or denaturation of products.
- (o) Simple assembly of parts of articles to constitute a complete article or disassembly of products into parts.
- (p) Slaughter of animals.
- (q) A combination of two or more of the operations specified in points (a) to (p).

This list applies only to situations where no other operations have been carried out. It serves a double function, firstly within the framework of the “normal” list rules of origin (*i.e.*, those set out in Annex 22-03 DA) and secondly in the framework of cumulation. The main purpose of this list is to ensure that the working or processing which takes place in the beneficiary country is an activity which brings real economic benefit to the country. It is also used in the rules on cumulation of origin (see the Chapter II, Section C on cumulation of origin).

As regards the list rules, it should be noted that there can be cases where, even if the criteria for sufficient working or processing set out in the list have been satisfied, the amount of the actual processing done might still be minimal. In such cases the product does not obtain origin. In fact, the list of insufficient working or processing should actually be consulted before the list of sufficient working or processing.

Conversely, it must also be understood that if an operation is not listed as “insufficient”, it does not automatically mean that it is “sufficient” to confer origin on the product. There is a “grey” area where operations are more than insufficient but at the same time not actually sufficient under the terms of the specific list rule which applies. The list of sufficient working and processing with specific criteria for the product in question must be consulted to see what conditions do have to be met.

As regards cumulation (whether bilateral or regional), where the list rules do not apply, the working or processing carried out must simply be more than insufficient. This means that an operation which fell into the “grey” area in the framework of the list rules could be acceptable in a cumulation context.

Operations are considered “simple” when neither special skills nor machines, apparatus or tools especially produced or installed for those operations are required for their performance.

Examples:

- A product is made by simple assembly using only originating parts: The end product is originating as the list of “minimal” working or processing does not apply to originating materials, whether they be wholly obtained, or already sufficiently worked or processed.

- A product is manufactured solely by assembling non-originating parts where neither special skills nor machines, apparatus or tools are required for performing such assembly. The product does not obtain origin as (o) applies.
- A product is manufactured by assembling non-originating parts and subsequently by a sufficient operation. The assembly is irrelevant since there is subsequently a sufficient operation, and origin is therefore obtained.
- A product is obtained using a combination of both originating and non-originating material when the last operation carried out is on the list of “insufficient working or processing”. It has to be seen if the working or processing set out in the main list of sufficient working or processing is carried out on the non-originating materials used. For example, if a manufacturer of fruit juice in a beneficiary country uses fruit and sugar, wholly obtained in his country, to produce fruit juice and he subsequently bottles the juice in imported non-originating bottles. The manufacturer does not have to be afraid that bottling would remove the originating status from the juice just because bottling is listed as an insufficient operation. But the manufacturer does need to see if it is allowed to use imported bottles. The origin criterion in column 3 of the list for HS 2009, bottled fruit juice, reads: “Manufacture from materials of any heading, except that of the product, in which the weight of sugar used does not exceed 40% of the weight of the final product “. Thus, the manufacturer can use imported bottles as they are classified under HS 7010.
- A product is obtained by the simple assembly of non-originating materials which are subsequently painted, packed and labelled. These are all insufficient operations and even when taken together they are still considered to be insufficient to confer origin on the product.

It is important to bear in mind that if an operation is not listed as insufficient, this does not necessarily mean that it is sufficient. The exporter must also consult with the list rule that indicates what is considered sufficient working and processing for a specific product.

Examples of origin-determining requirements

Example 1a: Change of tariff heading requirement

The origin-determining requirements included in the list rules largely relate to changes of tariff heading or value addition requirements, except where specific processing or operations required are indicated. Example 1 illustrates a case where a producer has an option between the two origin-determining methods.

Suppose that a producer in a beneficiary country manufactures dolls that are classified under HS heading 9502 from imported plastics and fabrics that are classified under HS headings 3910 and 5208, respectively. The dolls cannot be considered as wholly obtained in one country because the producer has used imported materials. Therefore, it is essential to know whether these imported materials can be considered to have undergone sufficient working or processing according to the conditions laid out in the list rules. In this case, the producer should refer to the requirements indicated in the list rules, as detailed in the example below (Table 12). The doll is classified under HS heading 9502, and hence falls under HS chapter 95.

Table 12. Excerpt from the list of products and working or processing operations, which confer originating status: Dolls manufactured from imported plastics and fabrics

| Harmonized System heading No. | Description of product | Qualifying operation (Working or processing, carried out on non-originating materials, which confers originating status) |
|-------------------------------|---|---|
| (1) | (2) | (3) |
| 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 |

| Harmonized System heading No. | Description of product | Qualifying operation (Working or processing, carried out on non-originating materials, which confers originating status) |
|-------------------------------|---|--|
| (1) | (2) | (3) |
| Ex 9503 | Other toys; reduced size ('scale') models and similar recreational models, working or not; puzzles of all kinds | 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 per cent of the ex-works price of the product |
| Ex 9506 | Golf clubs and parts thereof | Manufacture from materials of any heading, except that of the product. However, roughly shaped blocks for making golf-club heads may be used. |

Source: Commission Delegated Regulation (EU) No. 2015/2466 of 28 July 2015, part II annex 22-11

Note: "Ex" (column 1) denotes that the rule does not apply to the whole chapter, but only to those parts of it for which a specific rule is not provided. In the case of chapter 95, there is a specific rule for product ex 9506, that is, parts of this heading only.

As shown by the above excerpt, the doll can obtain originating status under rules on the change of tariff heading. Given that the plastic and the cotton used are classified under HS headings 3910 and 5208, it can be concluded that the plastic and the cotton have been sufficiently worked or processed and that the doll qualifies as an originating product.

Example 1b: Value addition requirement

Supposing a producer of another toy, which could not be classified in ex 95 category. The imported toys parts whose HS heading is 9503. Therefore, the rule on the change of tariff heading cannot be used. The unit ex price of the toy is \$100, and the value of the imported parts is \$45. The list rule for other toys specifies that the value of imported inputs must not exceed 50 per cent of the *ex-works* price of the product. Thus, the toy can obtain originating status under the percentage-value-addition criterion, as the imported component of the toy accounts for 45 per cent of the *ex-price* of the toy.

The term "value" in the list refers to the customs value (defined as the customs value determined in accordance with the Agreement on Implementation of Article VII of the GATT) 1994 at the time of the importation of the non-originating materials used or, if this is not known and cannot be ascertained, the first ascertainable price for the materials in the territory concerned.

The term "*ex-works* price" in the list rules means the price paid for the product, which was obtained from the manufacturer where the final working or processing is carried out. The *ex-works* price includes the value of all the materials used and all other costs related to its production and profit, minus any internal taxes which are, or may be, payable when the product obtained is exported.

Example 2: Tolerance level

The same producer discussed in example 1 now wants to use imported eyes for the dolls, as they are cheaper than the domestic ones. Also, this producer has to apply the change of tariff heading criterion, as the non-originating materials used exceed 70 per cent of the *ex-works* price of the product. The use of imported doll eyes is not allowed under the change of tariff heading criterion, as doll eyes are classified under the same heading (HS 9502) as dolls. The tolerance rule, however, allows the use of doll eyes if they amount to not more than 15 per cent of the *ex-works* price of the doll.

Example 3: Single and double transformation requirements for apparel products

For apparel products (HS chapters 61 and 62), the requirements are single transformation for LDCs, and double transformation or specific processing together with the value-limit criterion for other developing countries. Table 13 shows an excerpt from the list rules for HS chapter 62.

- For LDCs, apparel products assembled in a beneficiary country using imported fabric can obtain originating status.

- For other developing countries, yarns have to be woven to make fabrics, and apparel products have to be made from these fabrics in order to obtain originating status. Yarns can be imported. Alternatively, imported unprinted fabrics could be used if making up and printing and at least two preparatory or finishing operations indicated are performed, provided that the value of the unprinted fabric does not exceed 47.5 per cent of the *ex-works* price of the apparel product.

Table 13. Excerpt from the list of products and working or processing operations, which confer originating status: HS chapter 62

| Harmonized Systemheading No. | Description of product | Qualifying operation (Working or processing, carried out on non-originating materials, which confers originating status) |
|------------------------------|---|--|
| (1) | (2) | (3) |
| Ex chapter 62 | Articles of apparel and clothing accessories, not knitted or crocheted; except for: | (a) <ul style="list-style-type: none"> • LDCs • Manufacture from fabric (b) <ul style="list-style-type: none"> • Other beneficiary countries • Weaving accompanied by making up (including cutting) or <ul style="list-style-type: none"> • Making up preceded by printing accompanied by at least two preparatory or 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 the unprinted fabric used does not exceed 47.5 per cent of the <i>ex works</i> price of the products. |

(g) Territorial requirements and non-manipulation principle

Without prejudice to cumulation, working or processing outside the territory of the beneficiary country is not permitted. The rules of origin stipulate that originating products lose their originating status if they are exported from the beneficiary country to another country and are returned, unless it can be demonstrated that, first, the products returned are the same as those that were exported, and, second, they have not undergone any operations beyond those necessary to preserve them in good condition while in that country or while being exported).

Formerly, these requirements were enforced by the direct transport rule, which obliged exporters to submit to the European Union customs authorities the documents issued by the customs authorities of third countries certifying that the products were unaltered. The current rules of origin have abolished this requirement, which has been replaced with a more flexible non-alteration principle (Article 43 DA).

According to this rule, storage of products or consignments and splitting of consignments may take place under customs supervision of the country of transit and under the responsibility of the exporter. The goods simply cannot be altered or transformed. They may not be subject to operations other than preserving them in good condition. Storage of products or consignments and splitting of consignments may take place when carried out under the responsibility of the exporter and the products remain under customs supervision in the country(ies) of transit.

Compliance with the non-alteration principle is considered to be satisfied unless the customs authorities have reason to believe the contrary. In cases of doubt, they 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.

An important difference between the previous direct transportation requirement and non-manipulation clause lies in documentary evidence to be provided. Until 31 December 2010, with direct transport in all cases where the goods were transported via another country, except where the country of transit was one of the countries of the same regional group, the European Union importer was required to present documentary evidence that the goods did not undergo any operations during transit, other than unloading, reloading or any operation designed to keep them in their condition. The current non-manipulation clause shall be considered as satisfied a priori unless the customs authorities have reasons to believe the contrary; in such cases.

The territorial requirements and non-manipulation principle apply *mutatis mutandis* when cumulation provisions discussed below are exercised.

(h) Cumulation

The GSP rules of origin are, in principle, based on the concept of single country of origin, that is, the origin requirements must be fully met within one exporting preference-receiving country, which must also be the country where the finished products are manufactured. Cumulation, however, permits beneficiary countries to consider inputs from other countries as originating content, and the European Union's GSP rules of origin allow several possibilities for cumulation.

However, there are two exceptions to this principle: Bilateral Cumulation (Article 53 DA) and Regional Cumulation (Article 55 DA):

Bilateral Cumulation: Cumulation with the European Union, Norway, Switzerland and Turkey

Cumulation is allowed for products originating in the European Union (Article 53 DA), as well as for products originating in Norway, Switzerland, and Turkey (Article 54, DA).

Example: for embroidered handkerchiefs (classified HS 6213) to obtain GSP origin in a beneficiary country, the one of the criteria to be applied is "Manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40 per cent of the *ex-works* price of the product"; meaning that non-originating unembroidered fabric may be used but representing a value not exceeding 40 per cent of the *ex-works* price of the product. However, if the fabric used originates in the European Union, then the cumulation provisions allow it to be considered to be originating in the beneficiary country as the further manufacturing process goes beyond "insufficient" within the meaning of Article 47 DA.

Previously, Turkey was not included in the cumulation system. It should be noted, however, that cumulation with the three countries is allowed by reciprocity when the three countries provide the possibility for cumulation for originating inputs from the European Union under their respective GSPs. For example, the European Union's GSP rules of origin allow an Indonesian car exporter to cumulate inputs originating in Norway into its products only if the Norwegian GSP rules of origin allow the exporter to cumulate the same inputs originating in the European Union into its products. In most cases, cumulation is allowed reciprocally; nevertheless, exporters should verify whether it is the case for the products concerned.

Agricultural products (HS chapters 1 to 24) are excluded from cumulation in the three countries.

To benefit from the cumulation provisions, a beneficiary country must carry out working or processing that goes beyond the operations described in under the heading "Insufficient working or processing" above and it must meet territorial requirements and observe the non-manipulation principle discussed previously. This concept is also known as "donor country content".

Regional cumulation (Article 55 DA)

The provisions on regional cumulation permit beneficiary countries in a regional group to consider inputs from other beneficiary countries within the same group as originating content. The underlying objectives

of regional cumulation are to promote regional development and to ease the origin requirements. Under the previous rules of origin, four regional groups are able to apply the provisions on regional cumulation:

- **Group I:** Brunei Darussalam,¹⁸ Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia,¹⁹ Myanmar,²⁰ the Philippines, Thailand²¹ and Viet Nam.
- **Group II:** The Plurinational State of Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru and the Bolivarian Republic of Venezuela.²²
- **Group III:** Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.
- **Group IV:** Argentina, Brazil, Paraguay²³ and Uruguay.

The following regional group secretariats are responsible for transmitting information on the undertakings of its member countries to ensure compliance with cumulation requirements and verification of proof of origin to the European Commission:

- **Group I:** ASEAN Secretariat.
- **Group II:** Andean Community – Central American Common Market and Panama Permanent Joint Committee on Origin.
- **Group III:** South Asian Association for Regional Cooperation secretariat.
- **Group IV:** MERCOSUR secretariat.

To benefit from regional cumulation, the countries belonging to the regional groups must ensure compliance with the rules of origin and provide the administrative cooperation necessary to ensure their correct implementation. The secretariat of the regional group concerned or another competent joint body representing all the members of the group in question must notify the European Commission on these undertakings. Where countries in a regional group have already completed the procedures prior to 1 January 2011, a new undertaking is not required.

The following conditions apply to the use of regional cumulation. Where the qualifying operation laid down in the list rule is not the same for all countries involved in cumulation, that is, LDC and non-LDC beneficiaries, the origin of products exported from one country to another country of the regional group for the purpose of regional cumulation shall be determined on the basis of the rule that would apply if the products were being exported to the European Union (Article 55, paragraph 2).

Regional cumulation between countries within the same group shall apply only where the following conditions are fulfilled:

- (a) The countries involved in the cumulation are, at the time of exportation of the product to the Union, beneficiary countries for which the preferential arrangements have not been temporarily withdrawn in accordance with Regulation (EU) No 978/2012;
- (b) For the purpose of regional cumulation between the countries of a regional group the rules of origin laid down in subsection 2 apply;
- (c) The countries of the regional group have undertaken:
 - to comply or ensure compliance with this subsection; and
 - to provide the administrative cooperation necessary to ensure the correct implementation of this subsection both with regard to the Union and between themselves.
- (d) The undertakings referred to in point (c) have been notified to the Commission by the Secretariat of the regional group concerned or another competent joint body representing all the members of the group in question.

For the purposes of point (b), where the qualifying operation laid down in Part II of Annex 22-03 DA is not the same for all countries involved in cumulation, the origin of products exported from one country to

another country of the regional group for the purpose of regional cumulation shall be determined on the basis of the rule which would apply if the products were being exported to the Union.

Where countries in a regional group have already complied with points (c) and (d) of the first subparagraph before 1 January 2011, a new undertaking shall not be required.

The materials listed in annex 22-04 of the Regulation (some agricultural and processed agricultural products) shall be excluded from regional cumulation in the following two cases (Article 55, paragraphs 3(a) and (b)):

- (a) The tariff preference applicable in the European Union is not the same for all the countries involved in the cumulation (for example, tariff preferences given for LDCs, non-LDCs and GSP+ beneficiaries).
- (b) The materials concerned would benefit, through cumulation, from a tariff treatment more favourable than the one they would benefit from if directly exported to the European Union.

To benefit from the regional cumulation provisions, the country concerned must carry out operations that go beyond insufficient working or processing (those set out in Article 47 (1)). If this is not the case, the product concerned will have as country of origin the country of the regional group which accounts for the highest share of the customs value of the materials used originating in other countries of the regional group. For a country to benefit from regional cumulation, it was necessary under the former rules of origin to add the value greater than the highest customs value of the products used originating in any one of the other countries in the group. This requirement has been abolished in the current rules of origin, making regional cumulation easier than before.

Goods will not necessarily have the origin of the country in the group which exports them to the European Union. Where this is so, care should be taken to find out if that other member country of the regional group is subject to restrictions for these goods under the European Union GSP. Indeed, preferences may be removed for countries, which is referred to as “withdrawal of preferences”, or for a specific category of products (corresponding to a ‘GSP section’) originating in a GSP beneficiary country, which is called “suspension of preference”, when they exceed a certain percentage of the total value of Union imports of the products concerned (for fuller details, see respectively Articles 8 and 19 of the GSP Regulation).

Example: A shirt (classified HS 6205) made in country B from fabric originating in country A (which is a member of the same regional group) will originate in country B, if the value of the fabric amounts to less than 47,5 per cent of the shirt’s value, otherwise it will originate in A. It should be noted that, in the second case, the issuing authority of country B will have to issue a Form A certificate of origin, stating that the shirt originates in country A.

Example: Products originating in country A are exported to country B (value: €900), where they are used to manufacture a product with country B origin (value: €2,000) which is exported to country C. In country C these are incorporated with components of country D (value: €3,000). The value added in country C is €5,000. The final product is exported from there to the European Union with the origin of country C.

Cumulation between Groups I and III (Article 55, paragraphs 5 and 6)

The current European Union GSP rules of origin have made possible cumulation between countries in Groups I and III. To make the interregional cumulation operational, the authorities of a Group I or III beneficiary country must make a request to the European Commission. The countries concerned in those groups must ensure compliance with the rules of origin, including the administrative cooperation to ensure the correct implementation of the rules, and they must notify jointly the Commission of their undertaking. The request for the interregional cumulation addressed to the Commission must be supported by evidence that the requirements to benefit the cumulation are met. The Commission will decide on the request and will publish in the *Official Journal of the European Union* (C Series) the date on which the cumulation between countries of Groups I and III takes effect, together with the countries involved in that cumulation and, where appropriate, the list of materials in relation to which the cumulation applies.

The minimum operation requirements applied for the regional cumulation also apply to the cumulation between countries of Groups I and III.

Extended cumulation (Article 56 DA)

Extended cumulation is a system, conditional upon the granting of an authorisation by the Commission, further to a request lodged by a beneficiary country and whereby certain materials, originating in a country with which the European Union has concluded free trade agreements in accordance with GATT Article XXIV (e.g., Mexico and Chile), processed or incorporated in a product manufactured in that country (the working or processing carried out in the beneficiary country concerned needs to go beyond the operations described in Article 47(1) DA).

Extended cumulation shall be applied that each of the following steps need to be fulfilled:

Step 1: The interested beneficiary country shall submit a written request to the European Commission. The request must contain the information specified in Article 56 (1) DA, notably that as regards the provision of information to the European Union on the materials concerned by the cumulation. As no specimen for this request is provided for in the legislation, the request may be prepared in a free form. Agricultural products (HS 1 to 24) are excluded from extended cumulation.

Step 2: Countries involved in the extended cumulation must comply with administrative cooperation requirements. These involved countries undertake to comply with the GSP rules of origin and to provide the administrative cooperation necessary to ensure the correct implementation of the rules of origin both with regard to the European Union and also between themselves.

- (a) It is first important to check whether the involved countries have notified the European Commission of the names, addresses and specimen impressions of stamps of the governmental authorities situated in their territory, empowered to issue relevant proofs of origin (in future register exporters) and verify proofs of origin.
- (b) The country with which the European Union has concluded a free-trade agreement in force and which has agreed to be involved in extended cumulation with a beneficiary country shall also agree to provide the latter with its support in matters of administrative cooperation in the same way as it would provide such support to the customs authorities of the Member States in accordance with the relevant provisions of the free-trade agreement concerned (see Article 111 IA applicable until the application of the registered exporter system (on 1 January 2017 at the earliest) or 108(1) IA applicable once the registered exporter system is applied).

Step 3: The involved countries should take account of the requirements laid down in Article 56 (2) DA as to the determination of the origin of the materials used and of the products to be exported to the European Union, as well as the applicable documentary proof of origin.

Step 4: Once received the request from the beneficiary country accompanied by the undertaking endorsed by the countries concerned by the cumulation, the European Commission will consider the request. After having verified whether all conditions are met, it will take a decision, of which the applicant will be informed.

Step 5: When extended cumulation is granted and applies, until the application of the registered exporter system, the competent governmental authorities of the beneficiary country called on to issue a certificate of origin Form A for products in the manufacture of which materials originating in a party with which cumulation is permitted are used, shall rely on the proof of origin provided by the exporter's supplier and issued in accordance with the provisions of the relevant free-trade agreement between the European Union and the country concerned. According to Article 76 IA in the case of extended cumulation, Box 4 of origin Form A shall contain the indication "extended cumulation with country x". The same endorsement shall be present on invoice declarations made out by exporters in accordance with Article 76 IA.

In a hypothetical example, an exporter in Thailand could cumulate material originating from Chile, which has concluded a free trade agreement with the European Union. In this case, whether the material is originating or not would be determined by the rules of origin in the European Union–Chile free trade agreement, and the documentary proof of origin for the material would have to be the one used for this agreement. For the origin of the product manufactured in Thailand incorporating material from Chile, the rules of origin in the European Union GSP would apply.

Where the materials concerned change, another request must be submitted.

The Commission will publish in the *Official Journal of the European Union* (C Series) the date on which the extended cumulation takes effect, together with the countries involved in that cumulation and the list of materials to which the cumulation applies.

Cross-regional cumulation (Article 55(5) DA)

This type of cumulation is based on similar principles as extended cumulation: it aims to allow countries from neighbouring regions I and III to use materials under cumulation as if they belonged to the same region. The principles are very similar: Cross-regional cumulation is conditional upon the granting by the Commission of an authorisation, further to a written application prepared jointly by the countries wishing to establish a cumulation system. As for extended cumulation, materials have to be identified and cumulation in the country of further processing may only operate if: (i) the working or processing carried out in this latter country goes beyond minimal operations (as described in Article 47 DA), and (ii) all the countries involved remain beneficiary countries as explained earlier. Like for extended cumulation, the countries involved in cross-regional cumulation have to submit to the Commission a joint undertaking in which they commit themselves to comply and ensure compliance with the GSP rules of origin, as well as provide each other with the necessary administrative cooperation. The Commission takes its decision after internal examination and consultation of European Union Member States on a draft act. The granting of the authorisation may be made conditional upon any requirements deemed necessary. It is recalled that the applicants to this type of cumulation (as well as extended cumulation) may only be countries at governmental level and that private entities are not entitled to lodge such requests.

2. Relaxation of rules of origin

The tolerance rule (Article 48 DA)

Non-originating materials may be used in the manufacture of a given product even if the rule in the sufficient working or processing list is not fulfilled, provided that their total value does not exceed:

- 15 per cent of the weight of the product for products falling within Chapters 2 and 4 to 24, other than processed fishery products of chapter 16.
- 15 per cent of the *ex-works* price of the product for other products, except for products falling within Chapters 50 to 63 of the Harmonized System, for which the tolerances mentioned in Notes 6 and 7 of Part I of Annex 22-03 DA, shall apply.

The tolerance rule shall not apply to products wholly obtained in a beneficiary country. However, without prejudice to the provisions concerning minimal operations and the unit of qualification (Articles 47 DA and 49(2) DA), the tolerance shall nevertheless apply to the sum of all the materials which are used in the manufacture of a product and for which the rule laid down in the list in Annex 22-03 DA for that product requires that such materials be wholly obtained.

Example: a doll (classified HS 9502) will qualify if it is manufactured from any imported materials which are classified in a different heading. This means a manufacturer in a beneficiary country is allowed to import raw materials such as plastics, fabrics etc. which are classified in other chapters of the HS. But the use of doll's parts (e.g., doll's eyes) is not normally possible as these are classified in the same heading (HS 9502). However, the tolerance rule allows the use of these parts if they amount to not more than 15 per cent of the doll's value.

Derogations (Article 64(6) Union Customs Code²⁴)

While the provisions on derogation in the former rules of origin were applicable only to LDCs, the current rules of origin extend the possibility of derogation to developing countries. The circumstances and conditions in which derogations may be granted have been redefined.

Following an initiative of the European Commission or in response to a request from a beneficiary country or territory, the Commission may, for certain goods, grant that country or territory a temporary derogation from the rules on preferential origin referred to.

The temporary derogation shall be justified by one of the following reasons:

- Internal or external factors temporarily deprive the beneficiary country or territory of the ability to comply with the rules on preferential origin.
- The beneficiary country or territory requires time to prepare itself to comply with those rules.

A request for derogation shall be made in writing to the Commission by the beneficiary country or territory concerned. The request shall state the reasons, as indicated in the second subparagraph, why derogation is required and shall contain appropriate supporting documents.

The temporary derogation shall be limited to the duration of the effects of the internal or external factors giving rise to it or the length of time needed for the beneficiary country or territory to achieve compliance with the rules.

Where a derogation is granted, the beneficiary country or territory concerned shall comply with any requirements laid down as to information to be provided to the Commission concerning the use of the derogation and the management of the quantities for which the derogation is granted.

Example: derogation for certain processed fish products originating in Cabo Verde was granted to this country upon its request because its industry was insufficiently developed to allow it to meet the normal criteria (manufacture in which all fish and fishery products are wholly obtained). Thus, in the framework of the derogation the country's producers were entitled to use imported (non-originating) raw fish in the manufacture of the processed fish products, which subsequently were eligible for the GSP preferential treatment when imported into the European Union.

3. Control of origin and administrative cooperation

The second part of the rules of origin relates to the procedures for control of origin and administrative cooperation, which must be observed for eligibility for the GSP. This section discusses these procedures.

Procedures to be applied up to the implementation of registered exporters system

From 1 January 2017, a system of registered exporters applies. It is important to note that the system shall apply in the following cases (Article 78 IA):

- In cases of originating goods exported by a registered exporter within the meaning of Article 86 IA.
- In cases of any consignment of one or more packages containing originating products exported by any exporter, where the total value of the originating products consigned does not exceed €6,000. The value of originating products in a consignment is the value of all originating products within one consignment covered by a statement on origin made out in the country of exportation.

To be registered, exporters shall lodge an application with the competent authorities of the beneficiary country referred to in Article 72(1)(a) IA, using the form a model of which is set out in Annex 22-06 IA.

By the completion of the form exporters give consent to the storage of the information provided in the database of the Commission and to the publication of non-confidential data on the internet (Articles 82 and 83 IA).

The application shall be accepted by the competent authorities only if it is complete. Exporters, registered or not, shall comply with the following obligations (Article 91 IA):

- (a) They shall maintain appropriate commercial accounting records for production and supply of goods qualifying for preferential treatment.
- (b) They shall keep available all evidence relating to the material used in the manufacture.
- (c) They shall keep all customs documentation relating to the material used in the manufacture.
- (d) They shall keep for at least three years from the end of the year in which the statement on origin was made out, or more if required by national law, records of (i) the statements on origin they made out; and (ii) their originating and non-originating materials, production and stock accounts.

The records referred to in point (d) may be electronic but shall allow the materials used in the manufacture of the exported products to be traced and their originating status to be confirmed. The obligations of exporters shall also apply to suppliers who provide exporters with supplier's declarations certifying the originating status of the goods they supply.

Exporters are communally registered for the purposes of exports under the GSP schemes of the European Union, Norway and Switzerland as well as Turkey, once that country fulfils certain conditions.

A registered exporter number is assigned to the exporter by the competent authorities of the beneficiary country with a view to exporting under GSP schemes of the European Union, Norway and Switzerland as well as Turkey, once that country fulfils certain conditions, to the extent that those countries have recognised the country where the registration has taken place as a beneficiary country. The registration is valid as of the date on which the competent authorities of a beneficiary country or the customs authorities of a Member State receive a complete application for registration.

The competent authorities of a beneficiary country or the customs authorities of a Member State should inform the exporter, or where appropriate the re-consignor of goods, of the number of registered exporters assigned to that exporter or re-consignor of goods and of the date from which the registration is valid.

Where a country is added to the list of beneficiary countries (Article 88 IA) in Annex II to Regulation (EU) No 978/2012, the Commission shall automatically activate for its GSP scheme the registrations of all exporters registered in that country provided that the registration data of the exporters are available in the REX system and are valid for at least the GSP scheme of Norway, Switzerland or Turkey, once that country fulfils certain conditions. In this case, an exporter who is already registered for at least the GSP scheme of either, Norway, Switzerland or Turkey, once that country fulfils certain conditions, need not lodge an application with his competent authorities to be registered for the GSP scheme of the European Union.

The re-consignors of goods, whether registered or not, who make out replacement statements on origin as referred to in Article 101 IA shall keep the initial statements on origin, they replaced for at least three years from the end of the calendar year in which the replacement statement on origin was made out, or longer if required by national law.

Responsibilities of the governments of beneficiary countries

Obligations related to administrative structures

- Undertaking to put in place and to maintain the necessary administrative structures and systems required for the implementation and management in the beneficiary country of the rules of origin and procedures related to GSP, including where appropriate the arrangements necessary for the application of cumulation (Article 70(1)(a) IA).
 - Ensuring that the competent authorities will cooperate with the Commission and the customs authorities of the Member States (Article 70(1)(b) IA).
-

- Providing all necessary support in the event of a request by the Commission for the monitoring by it of the proper management of the scheme in the country concerned, including verification visits on the spot by the Commission or the customs authorities of the Member States (Article 70(2)(c) IA).
- Verifying the originating status of products and the compliance with the other conditions related to GSP rules of origin, including visits on the spot, where requested by the Commission or the customs authorities of the Member States in the context of origin investigations (Article 70(2)(d) IA).
- Submitting the undertaking referred to in Article 70(1) IA to the Commission at least three months before the date on which they intend to start the registration of exporters (Article 70(3) IA).
- Notifying the Commission of the names and addresses of the authorities situated in their territory which are:
 - part of the governmental authorities of the country concerned, or act under the authority of the government, and empowered to register exporters and to modify, update and withdraw them from the record of registered exporters.
 - part of the governmental authorities of the country concerned and responsible to support the Commission and the customs authorities of the Member States through administrative cooperation (Article 72(1) IA).
- Informing the Commission immediately of any changes to the above-mentioned information (Article 72(3) IA).

Obligations related to the registered exporters records

The competent authorities of beneficiary countries must establish and keep up to date at all times an electronic record of registered exporters located in their respective countries. They shall accept the complete application form referred to in Annex 22-06 IA assign without delay the number of registered exporters to the exporter or, where appropriate, the re-consignor of goods and enter into the REX system the number of registered exporter, the registration data and the date from which the registration is valid in accordance with Article 86(4) IA. Where the competent authorities consider that the information provided in the application is incomplete, they shall inform the exporter thereof without delay. Where a country or territory has been removed from Annex II to Regulation (EU) No 978/2012, the competent authorities of the beneficiary country shall keep the access to the REX system as long as required in order to enable them to comply with their obligations.

They shall establish and keep up to date at all times an electronic record of registered exporters located in the country and also remove registered exporters who no longer meet the conditions for exporting any goods under the scheme, or no longer intend to export such goods (Articles 89(3)(b) and (c) IA).

The record must contain the required information on registered exporters, including products intended to be exported under the scheme (indicative list of Harmonized System chapters or headings as considered appropriate by the applicant), dates as from and until when the exporter is/was registered and the reason for withdrawal (for example, at the registered exporter's request, or withdrawal by the competent authorities). This data will only be available to competent authorities.

When the registered exporter intentionally or negligently draws up a statement on origin or any supporting document that leads to irregularly or fraudulently obtaining the benefit of GSP, the competent authorities will remove the exporter from the record of registered exporters. Also, registered exporters who no longer meet the conditions for exporting any goods under the scheme, or no longer intend to export such goods, shall be removed from the record (Article 89(3)(d) IA).

The competent authorities must notify the European Commission of the national numbering system used to designate registered exporters (the number shall begin with the International Organization for Standardization alpha 2 country code) and render all necessary support when a request is made by the Commission for the proper management of control of origin and verification.

The Commission must be immediately informed of any changes to the information contained in the record of registered exporters.

Control of origin

The competent authorities must carry out verifications of the originating status of products at the request of the customs authorities of the European Union Member States and regular controls on exporters on their own initiative (Article 109(a) IA).

The controls need to ensure the continued compliance of exporters with their obligations. The authorities shall carry out the controls at intervals that have been determined by appropriate risk analysis criteria, and they have the right to request evidence and to carry out inspection of the exporter's accounts and, where appropriate, those of producers supplying the exporter and any other check considered appropriate.

Subsequent verifications of statements on origin will be carried out at random or whenever the customs authorities of the European Union Member States have reasonable doubts as to their authenticity, the originating status of the products concerned or the fulfilment of other requirements of the GSP rules of origin. The requesting European Union Member State shall set a six-month initial deadline to communicate the results of the verification, starting from the date of the verification request. If there is no reply within this period, or if the reply does not contain sufficient information to determine the real origin of the products, a second communication shall be sent to the competent authorities. This communication shall set a further deadline of not more than six months.

Control of origin within the framework of cumulation

The provisions related to the control of origin also apply to exports from the European Union to a beneficiary country for the purpose of bilateral cumulation and to exports from one beneficiary country to another for the purpose of regional cumulation.

To make regional cumulation operative, the countries of the regional group must ensure compliance with the rules of origin and provide the administrative cooperation necessary to ensure the correct implementation of the GSP rules of origin, both with regard to the European Union and between themselves (Article 55(2) (c)(ii) DA)). These undertakings must be notified to the Commission by the secretariat of the regional group concerned.

The verifications of the originating status of products apply *mutatis mutandis* to requests sent to the authorities of Norway, Switzerland and Turkey for the verification of replacement statements on origin made out on their territory, requesting these authorities to further liaise with the competent authorities in the beneficiary country. For such requests, the deadline will be eight months. If there is no reply within this period, or if the reply does not contain sufficient information to determine the real origin of the products, a second communication shall be sent to the competent authorities. This communication shall set a further deadline of not more than six months.

Extended cumulation is only permitted under Articles 56(1) and (2) DA, if a country with which the European Union has a free-trade agreement in force has agreed to provide the beneficiary country with its support in matters of administrative cooperation in the same way as it would provide such support to the customs authorities of the Member States in accordance with the relevant provisions of the free-trade agreement concerned.

Registered exporters and their responsibilities

The exporters in the beneficiary countries (Article 86 IA)

To be registered, exporters shall lodge an application with the competent authorities of the beneficiary country referred to in Article 72(1)(a) IA, using the form a model of which is set out in Annex 22-06 IA. By the completion of the form exporters give consent to the storage of the information provided in the database of the Commission and to the publication of non-confidential data on the internet (Articles 82 and 83 IA).

The application shall be accepted by the competent authorities only if it is complete. Exporters, registered or not, shall comply with the following obligations (Article 91 IA):

- (a) They shall maintain appropriate commercial accounting records for production and supply of goods qualifying for preferential treatment.
- (b) They shall keep available all evidence relating to the material used in the manufacture.
- (c) They shall keep all customs documentation relating to the material used in the manufacture.
- (d) They shall keep for at least three years from the end of the year in which the statement on origin was made out, or more if required by national law, records of:
 - The statements on origin they made out.
 - Their originating and non-originating materials, production and stock accounts.

The records referred to in point (d) may be electronic but shall allow the materials used in the manufacture of the exported products to be traced and their originating status to be confirmed. The obligations of exporters shall also apply to suppliers who provide exporters with supplier's declarations certifying the originating status of the goods they supply.

Exporters are communally registered for the purposes of exports under the GSP schemes of the European Union, Norway and Switzerland as well as Turkey, once that country fulfils certain conditions.

A registered exporter number is assigned to the exporter by the competent authorities of the beneficiary country with a view to exporting under GSP schemes of the European Union, Norway and Switzerland as well as Turkey, once that country fulfils certain conditions, to the extent that those countries have recognised the country where the registration has taken place as a beneficiary country. The registration is valid as of the date on which the competent authorities of a beneficiary country or the customs authorities of a Member State receive a complete application for registration. The competent authorities of a beneficiary country or the customs authorities of a Member State should inform the exporter, or where appropriate the re-consignor of goods, of the number of registered exporters assigned to that exporter or re-consignor of goods and of the date from which the registration is valid.

Where a country is added to the list of beneficiary countries (Article 88 IA) in Annex II to Regulation (EU) No 978/2012, the Commission shall automatically activate for its GSP scheme the registrations of all exporters registered in that country provided that the registration data of the exporters are available in the REX system and are valid for at least the GSP scheme of Norway, Switzerland or Turkey, once that country fulfils certain conditions. In this case, an exporter who is already registered for at least the GSP scheme of either, Norway, Switzerland or Turkey, once that country fulfils certain conditions, need not lodge an application with his competent authorities to be registered for the GSP scheme of the European Union.

The re-consignors of goods, whether registered or not, who make out replacement statements on origin as referred to in Article 101 IA shall keep the initial statements on origin, they replaced for at least three years from the end of the calendar year in which the replacement statement on origin was made out, or longer if required by national law.

Documentary requirements (Articles 92 IA, 93 IA and 99 IA): Statement on origin

A statement on origin is made out by the registered exporter if the goods concerned can be considered as originating in the beneficiary country concerned or another beneficiary country in accordance with the second sub-paragraph of Article 55 DA or with the second sub-paragraph of Article 55(6) DA.

The statement on origin shall be provided by the exporter to his customer in the European Union and shall contain the particulars specified in Annex 22-07 IA. A statement on origin shall be made out in either English, French or Spanish. It may be made out on any commercial document allowing to identify the exporter concerned and the goods involved.

When bilateral or regional cumulation, or cumulation between Groups I and III is applied to the product concerned (Articles 53 DA, 55(1) DA, or 55(5) DA and 55(6) DA) the exporter of a product in the manufacture of which materials originating in a party with which cumulation is permitted are used shall rely on the statement on origin provided by its supplier. The statement on origin made out by the exporter must, as the case may be, contain the indication in English “European Union cumulation” or “regional cumulation”, and in French, “*cumul Union Européenne*”, or “*cumul régionale*” in French, or “Accumulación UE”, “Accumulación regional” in Spanish.

When cumulation with Norway, Switzerland or Turkey is applied (Article 54 DA), the exporter of a product shall rely on the proof of origin provided by its supplier and issued in accordance with the provisions of the GSP rules of origin of Norway, Switzerland or Turkey, as the case may be. In this case, the statement on origin made out by the exporter shall contain the indication “Norway cumulation”, “Switzerland cumulation”, or “Turkey cumulation” in English, and “*cumul Norvège*”, “*cumul Suisse*”, or “*cumul Turquie*” in French., or “Accumulación Noruega”, “Accumulación Suiza”, “Accumulación Turquía” in Spanish. When extended cumulation applies under Article 56 Delegated Act applies, that is, cumulation with a country which has concluded a free trade agreement with the European Union, the exporter of the product in the manufacture of which materials originating in a party with which extended cumulation is permitted are used and shall rely on the proof of origin provided by its supplier and issued in accordance with the provisions of the relevant free trade agreement between the European Union and the party concerned. In this case, the statement on origin made out by the exporter shall contain the indication “extended cumulation with country x” in English or “*cumul étendu avec le pays x*”, or “Accumulación ampliada con el país x”. A statement on origin shall be made out for each consignment.

A statement on origin may be made out after exportation (‘retrospective statement’) on condition that it is presented in the Member State of declaration for release for free circulation no longer than two years after the export.

A statement on origin shall be valid for twelve months from the date of its making out by the exporter. Where the splitting of a consignment takes place in accordance with Article 43(4) DA and provided that the two-year deadline referred to in the previous paragraph is respected, the statement on origin may be made out retrospectively by the exporter of the country of exportation of the products. This applies *mutatis mutandis* if the splitting of a consignment takes place in another beneficiary country or in Norway, Switzerland or, where applicable, Turkey.

A single statement on origin may cover several consignments if the goods meet the following conditions:

- They are dismantled or non-assembled products within the meaning of general rule 2(a) of the Harmonized System.
- They are falling within Section XVI or XVII or heading 7308 or 9406 of the Harmonized System.
- They are intended to be imported by instalments.

Responsibilities of exporters in the European Union

The rules which determine the origin of goods produced in GSP countries apply to goods exported from the European Union to the GSP countries as well.

When products of European Union origin are used as materials in the manufacture of a product in a GSP beneficiary country, they count (under the cumulation of origin rules as originating in that country. This can help the finished product satisfy the rules of origin for importation into the European Union at a preferential rate of duty. It is important, therefore, that goods exported for this purpose are accompanied by evidence of their European Union originating status. The manufacturer in the GSP country will need to present this evidence in support of his application for a Form A to accompany the goods he sends to the European Union.

Bilateral cumulation applies only if the exported goods have European Union originating status (European Union customs status obtained through release for free circulation is not enough) certified by an EUR.1 (or by a statement on origin after 1 January 2017), and they are subject to more than a minimal operation in the country concerned (and also provided no non-originating material is added during the operation).

If a exporter is exporting goods to a beneficiary country under the Outward Processing Relief (OPR) arrangements, you may wish to consider whether the materials or parts you are sending out for processing qualify as originating goods and whether the returning product would then be entitled to receive additional tariff advantages under the European Union GSP scheme.

Under European Union GSP bilateral cumulation, the re-imported product will be granted the benefit of the GSP arrangements; on the other hand, as a compensating product for OPR, Article 259 of the Union Customs Code²⁵ will apply; however, by combining both, Article 75 DA should apply. The amount of possible additional OPR duty relief will depend on the GSP duty rate to be applied to goods of the same kind as those temporarily exported.

Note however that the method of taxation based on the cost of the processing operation (Article 86(5) and (6) of the Code and Article 75 DA) could not be applied in such a situation, where the temporary export goods could have been subject to the preferential GSP duty, unless proof is given that it had not been released for free circulation at a duty rate of zero.

Importers' responsibilities in the European Union

Article 195 of Regulation (EU) No 952/2013

Importers in the European Union must make customs declarations for the products claiming European Union GSP benefits by making reference to the statements on origin. Importers need to keep the statements on origin at the disposal of the customs authorities, which may request their submissions for the verification of the declaration. Those authorities may also require a translation of the statement into the, or one of the official languages of the European Union Member State concerned. In cases where GSP benefits are not granted, for example because of a false declaration on origin, importers are made liable to pay the full most-favoured nation duties on the products concerned. It is therefore recommended that importers should take reasonable steps to protect themselves from the liability, for example, by including a protective clause in the commercial contract. European Union legislation provides for the collection of duty from the importer up to 3 years after the goods have been imported.

ENDNOTES

- ¹ The related Regulation are available at EU law - EUR-Lex (europa.eu).
- ² TARIC is the integrated tariff of the European Community, published annually. It is based on the Combined Nomenclature, which has some 10,000 headings (coded with 8 digits) and constitutes the basic nomenclature of the Common Customs Tariff, as well as for trade statistics. TARIC contains around 18,000 further subdivisions (coded with two extra digits or with an additional code) necessitated by tariff quotas, tariff preferences, the GSP, agricultural components, anti-dumping and countervailing duties, and so forth.
- ³ Full title: Council Regulation (EC) No. 732/2008 of 22 July 2008 applying a scheme of generalized tariff preferences for the period from 1 January 2009 to 31 December 2011 and amending Regulations (EC) No. 552/97, (EC) No. 1933/2006 and Commission Regulations (EC) No. 1100/2006 and (EC) No. 964/2007.
- ⁴ Report on the Generalised Scheme of Preferences (GSP) covering the period 2018-2019 (europa.eu) available at https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc_158619.pdf
- ⁵ List of beneficiary countries as from January 2019.
- ⁶ List beneficiary status due to entering into a preferential trade agreement with the European Union: Côte d'Ivoire, Ghana, and Eswatini (1 January 2019), Georgia (1 January 2017), Ukraine (1 January 2018), Viet Nam (two years following the upcoming entry into force of the FTA with the European Union).
- ⁷ Equatorial Guinea is scheduled to lose Everything but Arms beneficiary status on 1 January 2021 and enter into force after 3-year transition period from the date graduation.
- ⁸ Following the decision by the International Labour Conference to lift its negative opinion on Myanmar on 13 June 2012, the European Union reinstated GSP preferences for the country on 19 July 2013, with retroactive application as from 13 June 2012. GSP preferences were withdrawn from Myanmar in 1997 owing to serious and systematic violations of the principles contained in the ILO Forced Labour Convention, 1930 (No. 29) (Regulation (EU) No. 607/2013 of the European Parliament and of the Council of 12 June 2013 repealing Council Regulation (EC) No. 552/97 temporarily withdrawing access to generalized tariff preferences from Myanmar.
- ⁹ Following South Sudan's independence in July 2011 and its recognition by the United Nations as a least developed country in December 2012, the European Union included it among the beneficiaries of the Everything but Arms arrangement in May 2013, with retroactive application as from January 2013. (Commission Implementing Regulation (EU) No. 496/2013 of 29 May 2013 amending annex I to Council Regulation (EC) No. 732/2008 applying a Scheme of Generalized Tariff Preferences.
- ¹⁰ Scheduled graduation: Bhutan (in 2023), Sao Tome and Principe, and Solomon Islands (in 2024), Tuvalu and Kiribati (the graduation date will be fixed in 2021).
- ¹¹ European Commission, 2014, *op. cit.*, pp. 22–23.
- ¹² Updated information on the Combined Nomenclature is provided in Commission Regulation (EC) No. 1719/2005 of 27 October 2005, amending annex I to Council Regulation (EEC) No. 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.
- ¹³ For TARIC consultations, visit TARIC | Taxation and Customs Union (europa.eu).
- ¹⁴ Products listed in the Combined Nomenclature, Chapter 93, are excluded from European Union GSP product coverage for all beneficiaries. Three highly sensitive products (bananas, rice and sugar) were subject to transitional periods for the EBA, which however ended on 1 October 2009 with the full liberalization of sugar imports.
- ¹⁵ For details on these rules of origin for products from LDCs, see Chapter II, Section B of this handbook.
- ¹⁶ Commission Regulation (EC) No. 1602/2000 of 24 July 2000 amending Regulation (EEC) No. 2454/93 laying down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (Text with EEA relevance). (No longer in force.)
- ¹⁷ In addition to the Regulation, see also appendix III (Commission delegated Regulation (EU) No. 1083/2013 of 28 August 2013 establishing rules related to the procedure for temporary withdrawal of tariff preferences and adoption of general safeguard measures under Regulation (EU) No. 978/2012 of the European Parliament and the Council applying a scheme of generalized tariff preferences).
- ¹⁸ Brunei is no longer a beneficiary of the European Union's GSP and may not benefit from cumulation.
- ¹⁹ As of 1 January 2014, Malaysia lost its status as a GSP beneficiary and may not benefit from cumulation.
- ²⁰ Myanmar was reinstated into the GSP tariff preferences on 19 July 2013 and can now benefit from GSP cumulation.
- ²¹ As of 1 January 2015, Thailand does not enjoy GSP beneficiary status and does not benefit from cumulation from that day.
- ²² The Bolivarian Republic of Venezuela is no longer a beneficiary of the GSP of the European Union and may not benefit from cumulation.
- ²³ Paraguay is currently the only GSP beneficiary of the MERCOSUR group; therefore, its cumulation possibilities are *de facto* limited.
- ²⁴ Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code.
- ²⁵ "The Code" – Parliament and Council Regulation (EU) No 952/2013.

ANNEX 22-08

Certificate of origin Form A

1. Certificates of origin Form A must conform to the specimen shown in this Annex. The use of English or French for the notes on the reverse of the certificate shall not be obligatory. Certificates shall be made out in English or French. If completed by hand, entries must be in ink and in capital letters.
2. Each certificate shall measure 210 × 297 mm; a tolerance of up to minus 5 mm or plus 8 mm in the length and in the width may be allowed. The paper used shall be white writing paper, sized, not containing mechanical pulp and weighing 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.

If the certificates have several copies, only the top copy which is the original shall be printed with a printed green guilloche-pattern background.
3. Each certificate shall bear a serial number, printed or otherwise, by which it can be identified.
4. Certificates bearing older versions of the notes on the back of the form may also be used until existing stocks are exhausted.

29.12.2015

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| | | | | | |
|--|----------------------------------|--|---|-----------------------------------|---------------------------------|
| 1. Goods consigned from (Exporter's business name, address, country) | | Reference No GENERALIZED SYSTEM OF PREFERENCES CERTIFICATE OF ORIGIN (Combined declaration and certificate) FORM A Issued in (country) See notes overleaf | | | |
| 2. Goods consigned to (Consignee's name, address, country) | | | | | |
| 3. Means of transport and route (as far as known) | | 4. For official use | | | |
| 5. Item number | 6. Marks and numbers of packages | 7. Number and kind of packages, description of goods | 8. Origin criterion (see Notes overleaf) | 9. Gross weight or other quantity | 10. Number and date of invoices |
| 11. Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct. Place and date, signature and stamp of certifying authority | | | 12. Declaration by the exporter The undersigned hereby declares that the above details and statements are correct; that all the goods were produced in (country) and that they comply with the origin requirements specified for those goods in the Generalized System of Preferences for goods exported to (importing country) Place and date, signature of authorized signatory | | |

NOTES (2013)

I. Countries which accept Form A for the purposes of the Generalized System of Preferences (GSP):

| | | | |
|--|-----------------|------------|----------------|
| Australia* | European Union: | France | Netherlands |
| Belarus | Austria | Germany | Poland |
| Canada | Belgium | Greece | Portugal |
| Iceland | Bulgaria | Hungary | Romania |
| Japan | Croatia | Ireland | Slovakia |
| New Zealand** | Cyprus | Italy | Slovenia |
| Norway | Czech Republic | Latvia | Spain |
| Russian Federation | Denmark | Lithuania | Sweden |
| Switzerland including Liechtenstein*** | Estonia | Luxembourg | United Kingdom |
| Turkey | Finland | Malta | |
| United States of America**** | | | |

Full details of the conditions covering admission to the GSP in these countries are obtainable from the designated authorities in the exporting preference-receiving countries or from the customs authorities of the preference-giving countries listed above. An information note is also obtainable from the UNCTAD secretariat.

II. General conditions

To qualify for preference, products must:

- fall within a description of products eligible for preference in the country of destination. The description entered on the form must be sufficiently detailed to enable the products to be identified by the customs officer examining them;
- comply with the rules of origin of the country of destination. Each article in a consignment must qualify separately in its own right; and,
- comply with the consignment conditions specified by the country of destination. In general, products must be consigned direct from the country of exportation to the country of destination but most preference-giving countries accept passage through intermediate countries subject to certain conditions. (For Australia, direct consignment is not necessary).

III. Entries to be made in Box 8

Preference products must either be wholly obtained in accordance with the rules of the country of destination or sufficiently worked or processed to fulfil the requirements of that country's origin rules.

- Products wholly obtained: for export to all countries listed in Section I, enter the letter "P" in Box 8 (for Australia and New Zealand Box 8 may be left blank).
- Products sufficiently worked or processed: for export to the countries specified below, the entry in Box 8 should be as follows:
 - United States of America: for single country shipments, enter the letter "Y" in Box 8, for shipments from recognized associations of countries, enter the letter "Z", followed by the sum of the cost or value of the domestic materials and the direct cost of processing, expressed as a percentage of the ex-factory price of the exported products; (example "Y" 35% or "Z" 35%).
 - Canada: for products which meet origin criteria from working or processing in more than one eligible least developed country, enter letter "G" in Box 8; otherwise "F".
 - Iceland, the European Union, Japan, Norway, Switzerland including Liechtenstein, and Turkey; enter the letter "W" in Box 8 followed by the Harmonized Commodity Description and coding system (Harmonized System) heading at the 4-digit level of the exported product (example "W" 96.18).
 - Russian Federation: for products which include value added in the exporting preference-receiving country, enter the letter "Y" in Box 8 followed by the value of imported materials and components expressed as a percentage of the fob price of the exported products (example "Y" 45%); for products obtained in a preference-receiving country and worked or processed in one or more other such countries, enter "Pk".
 - Australia and New Zealand: completion of Box 8 is not required. It is sufficient that a declaration be properly made in Box 12.

* For Australia, the main requirement is the exporter's declaration on the normal commercial invoice. Form A, accompanied by the normal commercial invoice, is an acceptable alternative, but official certification is not required.

** Official certification is not required.

*** The Principality of Liechtenstein forms, pursuant to the Treaty of 29 March 1923, a customs union with Switzerland.

**** The United States does not require GSP Form A. A declaration setting forth all pertinent detailed information concerning the production or manufacture of the merchandise is considered sufficient only if requested by the district collector of Customs.

| | | | | | |
|---|---------------------------------|--|--|---------------------------|------------------------------|
| 1. Expéditeur (nom, adresse, pays de l'exportateur) | | Référence N° SYSTÈME GÉNÉRALISÉ DE PRÉFÉRENCES CERTIFICAT D'ORIGINE (Déclaration et certificat) FORMULE A Délivré en (pays) Voir notes au verso | | | |
| 2. Destinataire (nom, adresse, pays) | | | | | |
| 3. Moyen de transport et itinéraire (si connus) | | 4. Pour usage officiel | | | |
| 5. N° d'ordre | 6. Marques et numéros des colis | 7. Nombre et type de colis; description des marchandises | 8. Critère d'origine (voir notes au verso) | 9. Poids brut ou quantité | 10. N° et date de la facture |
| 11. Certificat Il est certifié, sur la base du contrôle effectué, que la déclaration de l'exportateur est exacte. Lieu et date, signature et timbre de l'autorité délivrant le certificat | | 12. Déclaration de l'exportateur Le soussigné déclare que les mentions et indications ci-dessus sont exactes, que toutes ces marchandises ont été produites en (nom du pays) et qu'elles remplissent les conditions d'origine requises par le système généralisé de préférences pour être exportées à destination de (nom du pays importateur) Lieu et date, signature du signataire habilité | | | |

NOTES (2013)

I. Pays acceptant la formule A aux fins du système des préférences généralisées (SPG):

| | | | |
|------------------------------------|-------------------|------------|--------------------|
| Australie* | Union européenne: | Finlande | Pays-Bas |
| Bélarus | Allemagne | France | Pologne |
| Canada | Autriche | Grèce | Portugal |
| Etats-Unis d'Amérique*** | Belgique | Hongrie | République tchèque |
| Fédération de Russie | Bulgarie | Irlande | Roumanie |
| Islande | Chypre | Italie | Royaume-Uni |
| Japon | Croatie | Lettonie | Slovaquie |
| Norvège | Danemark | Lituanie | Slovénie |
| Nouvelle-Zélande** | Espagne | Luxembourg | Suède |
| Suisse y compris Liechtenstein**** | Estonie | Malte | |
| Turquie | | | |

Des détails complets sur les conditions régissant l'admission au bénéfice du SGP dans ce pays peuvent être obtenus des autorités désignées par les pays exportateurs bénéficiaires ou de l'administration des douanes des pays donneurs qui figurent dans la liste ci-dessus. Une note d'information peut également être obtenue du secrétariat de la CNUCED.

II. Conditions générales

Pour être admis au bénéfice des préférences, les produits doivent:

- correspondre à la définition établie des produits pouvant bénéficier du régime de préférences dans les pays de destination. La description figurant sur la formule doit être suffisamment détaillée pour que les produits puissent être identifiés par l'agent des douanes qui les examine;
- satisfaire aux règles d'origine du pays de destination. Chacun des articles d'une même expédition doit répondre aux conditions prescrites; et
- satisfaire aux conditions d'expédition spécifiées par le pays de destination. En général, les produits doivent être expédiés directement du pays d'exportation au pays de destination; toutefois, la plupart des pays donneurs de préférences acceptent sous certaines conditions le passage par des pays intermédiaires (pour l'Australie, l'expédition directe n'est pas nécessaire).

III. Indications à porter dans la case 8

Pour bénéficier des préférences, les produits doivent avoir été, soit entièrement obtenus, soit suffisamment ouverts ou transformés conformément aux règles d'origine des pays de destination.

- Produits entièrement obtenus: pour l'exportation vers tous les pays figurant dans la liste de la section, il y a lieu d'inscrire la lettre "P" dans la case 8 (pour l'Australie et la Nouvelle-Zélande, la case 8 peut être laissée en blanc).
- Produits suffisamment ouverts ou transformés: pour l'exportation vers les pays figurant ci-après, les indications à porter dans la case 8 doivent être les suivantes:
 - Etats Unis d'Amérique: dans le cas d'expédition provenant d'un seul pays, inscrire la lettre "Y" ou, dans le cas d'expéditions provenant d'un groupe de pays reconnu comme un seul, la lettre "Z", suivie de la somme du coût ou de la valeur des matières et du coût direct de la transformation, exprimée en pourcentage du prix départ usine des marchandises exportées (exemple: "Y" 35% ou "Z" 35%);
 - Canada: il y a lieu d'inscrire dans la case 8 la lettre "G" pour les produits qui satisfont aux critères d'origine après ouvrage ou transformation dans plusieurs des pays les moins avancés; sinon, inscrire la lettre "F";
 - Islande, Japon, Norvège, Suisse y compris Liechtenstein, Turquie et l'Union européenne: inscrire dans la case 8 la lettre "W" suivie de la position tarifaire à quatre chiffres occupée par le produit exporté dans le Système harmonisé de désignation et de codification des marchandises (Système harmonisé) (exemple "W" 96.18);
 - Fédération de Russie: pour les produits avec valeur ajoutée dans le pays exportateur bénéficiaire de préférences, il y a lieu d'inscrire la lettre "Y" dans la case 8, en la faisant suivre de la valeur des matières et des composants importés, exprimée en pourcentage du prix FOB des marchandises exportées (exemple: "Y" 45%); pour les produits obtenus dans un pays bénéficiaire de préférences et ouverts ou transformés dans un ou plusieurs autres pays bénéficiaires, il y a lieu d'inscrire les lettres "Pk" dans la case 8;
 - Australie et Nouvelle-Zélande: il n'est pas nécessaire de remplir la case 8. Il suffit de faire une déclaration appropriée dans la case 12.

* Pour l'Australie, l'exigence de base est une attestation de l'exportateur sur la facture habituelle. La formule A, accompagnée de la facture habituelle, peut être acceptée en remplacement, mais une certification officielle n'est pas exigée.

** Un visa officiel n'est pas exigé.

*** Les Etats-Unis n'exigent pas de certificat SGP Formule A. Une déclaration reprenant toute information appropriée et détaillée concernant la production ou la fabrication de la marchandise est considérée comme suffisante, et doit être présentée uniquement à la demande du receveur des douanes du district (District collector of Customs).

**** D'après l'Accord du 29 mars 1923, le Principauté du Liechtenstein forme une union douanière avec la Suisse.

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ANNEX 22-09

Invoice declaration

The invoice declaration, the text of which is given below, must be made out in accordance with the footnotes. However, the footnotes do not have to be reproduced.

French version

L'exportateur des produits couverts par le présent document [autorisation douanière no ... ⁽¹⁾] déclare que, sauf indication claire du contraire, ces produits ont l'origine préférentielle ... ⁽²⁾ au sens des règles d'origine du Système des préférences tarifaires généralisées de l'Union européenne et ... ⁽³⁾.

English version

The exporter of the products covered by this document (customs authorisation No ... ⁽¹⁾) declares that, except where otherwise clearly indicated, these products are of ... preferential origin ⁽²⁾ according to rules of origin of the Generalised System of Preferences of the European Union and ... ⁽³⁾.

Spanish version

El exportador de los productos incluidos en el presente documento (autorización aduanera n^o ... ⁽¹⁾) declara que, salvo indicación en sentido contrario, estos productos gozan de un origen preferencial ... ⁽²⁾ en el sentido de las normas de origen del Sistema de preferencias generalizado de la Unión europea y ... ⁽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) ⁽⁵⁾

⁽¹⁾ When the invoice declaration is made out by an approved European Union's exporter within the meaning of Article 77(4) of Implementing Regulation (EU) 2015/2447 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 (See page 558 of this Official Journal.), the authorisation number of the approved exporter must be entered in this space. When (as will always be the case with invoice declarations made out in beneficiary countries) the invoice declaration is not made out by an approved exporter, the words in brackets shall be omitted or the space left blank.

⁽²⁾ Country of 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 112 of Implementing Regulation (EU) 2015/2447, the exporter must clearly indicate them in the document on which the declaration is made out by means of the symbol 'CM'.

⁽³⁾ Where appropriate, enter one of the following indications: 'EU cumulation', 'Norway cumulation', 'Switzerland cumulation', 'Turkey cumulation', 'regional cumulation', 'extended cumulation with country x' or 'Cumul UE', 'Cumul Norvège', 'Cumul Suisse', 'Cumul Turquie', 'cumul regional', 'cumul étendu avec le pays x' or 'Acumulación UE', 'Acumulación Noruega', 'Acumulación Suiza', 'Acumulación Turquía', 'Acumulación regional', 'Acumulación ampliada con en país x'.

⁽⁴⁾ These indications may be omitted if the information is contained on the document itself.

⁽⁵⁾ See Article 77(7) of Implementing Regulation (EU) 2015/2447 (concerns approved European Union's exporters only). 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 22-10

Movement certificate EUR.1 and relevant applications

- (1) Movement certificate EUR.1 shall be made out on the form of which a specimen appears in this Annex. This form shall be printed in one of the official languages of the Union. Certificates shall be made out in one of these languages and in accordance with the provisions of the domestic law of the exporting State or territory. If they are handwritten, they shall be completed in ink and in capital letters.
- (2) Each certificate shall measure 210 × 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 weighing 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.
- (3) The competent authorities of the exporting State or territory may reserve the right to print the certificates themselves or may have them printed by approved printers. In the latter case each certificate must include a reference to such approval. Each certificate 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.

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 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. Invoices (Optional) |
| 11. CUSTOMS ENDORSEMENT <i>Declaration certified</i> Export document ⁽²⁾ Form No Of Customs office Issuing country or territory <i>(Place and date)</i> <i>(Signature)</i> |  Stamp | | 12. DECLARATION BY THE EXPORTER I, the undersigned, declare that the goods described above meet the conditions required for the issue of this certificate <i>(Place and date)</i> <i>(Signature)</i> |
| <p>⁽¹⁾ If goods are not packed, indicate number of articles or state 'in bulk' as appropriate. ⁽²⁾ Complete only where the regulations of the exporting country or territory require.</p> | | | |

| | |
|--|--|
| <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>..... <i>(Place and date)</i></p> <p>..... <i>(Signature)</i></p> <p style="text-align: center;">Stamp</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>..... <i>(Place and date)</i></p> <p>..... <i>(Signature)</i></p> <p style="text-align: center;">Stamp</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.

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APPLICATION FOR A MOVEMENT CERTIFICATE

| | | | |
|--|--|---|--|
| 1. Exporter (Name, full address, country) | EUR.1 No A 000.000 | | |
| | See notes overleaf before completing this form | | |
| | 2. Application for a certificate to be used in preferential trade between and (Insert appropriate countries or groups of countries or territories) | | |
| 3. Consignee (Name, full address, country) (Optional) | 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. Invoices (Optional) | |
| (1) If goods are not packed, indicate number of articles or state 'in bulk' as appropriate. | | | |

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 enabled these goods to meet the above conditions:

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

SUBMIT the following supporting documents ⁽¹⁾:

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

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)

⁽¹⁾ For example: import documents, movement certificates, invoices, manufacturer's declarations, etc., referring to the products used in manufacture or to the goods re-exported in the same state.

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ANNEX 22-07

Statement on origin

To be made out on any commercial documents showing the name and full address of the exporter and consignee as well as a description of the products and the date of issue ⁽¹⁾.

French version

L'exportateur ... (Numéro d'exportateur enregistré ⁽²⁾, ⁽³⁾, ⁽⁴⁾) des produits couverts par le présent document déclare que, sauf indication claire du contraire, ces produits ont l'origine préférentielle ... ⁽⁵⁾ au sens des règles d'origine du Système des préférences tarifaires généralisées de l'Union européenne et que le critère d'origine satisfait est ⁽⁶⁾

English version

The exporter ... (Number of Registered Exporter ⁽²⁾, ⁽³⁾, ⁽⁴⁾) of the products covered by this document declares that, except where otherwise clearly indicated, these products are of ... preferential origin ⁽⁵⁾ according to rules of origin of the Generalised System of Preferences of the European Union and that the origin criterion met is ⁽⁶⁾.

Spanish version

El exportador ... (Número de exportador registrado ⁽²⁾, ⁽³⁾, ⁽⁴⁾) de los productos incluidos en el presente documento declara que, salvo indicación en sentido contrario, estos productos gozan de un origen preferencial ... ⁽⁵⁾ en el sentido de las normas de origen del Sistema de preferencias generalizado de la Unión europea y que el criterio de origen satisfecho es ⁽⁶⁾.

⁽¹⁾ Where the statement on origin replaces another statement in accordance with Article 101(2) and (3) of Implementing Regulation (EU) 2015/2447 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 (See page 558 of this Official Journal), the replacement statement on origin shall bear the mention 'Replacement statement' or 'Attestation de remplacement' or 'Comunicación de sustitución'. The replacement shall also indicate the date of issue of the initial statement and all other necessary data according to Article 82(6) of Implementing Regulation (EU) 2015/2447.

⁽²⁾ Where the statement on origin replaces another statement in accordance with sub-paragraph 1 of Article 101(2) and paragraph (3) of Article 101, both of Implementing Regulation (EU) 2015/2447, the re-consignor of the goods making out such a statement shall indicate his name and full address followed by his number of registered exporter.

⁽³⁾ Where the statement on origin replaces another statement in accordance with sub-paragraph 2 of Article 101(2) of Implementing Regulation (EU) 2015/2447, the re-consignor of the goods making out such a statement shall indicate his name and full address followed by the mention (*French version*) 'agissant sur la base de l'attestation d'origine établie par [nom et adresse complète de l'exportateur dans le pays bénéficiaire], enregistré sous le numéro suivant [Numéro d'exportateur enregistré dans le pays bénéficiaire]', (*English version*) 'acting on the basis of the statement on origin made out by [name and complete address of the exporter in the beneficiary country], registered under the following number [Number of Registered Exporter of the exporter in the beneficiary country]', (*Spanish version*) 'actuando sobre la base de la comunicación extendida por [nombre y dirección completa del exportador en el país beneficiario], registrado con el número siguiente [Número de exportador registrado del exportador en el país beneficiario]'.

⁽⁴⁾ Where the statement on origin replaces another statement in accordance with Article 101(2) of Implementing Regulation (EU) 2015/2447, the re-consignor of the goods shall indicate the number of registered exporter only if the value of originating products in the initial consignment exceeds EUR 6 000.

⁽⁵⁾ Country of origin of products to be indicated. When the statement on origin relates, in whole or in part, to products originating in Ceuta and Melilla within the meaning of Article 112 of Implementing Regulation (EU) 2015/2447, the exporter must clearly indicate them in the document on which the statement is made out by means of the symbol 'XC/XL'.

⁽⁶⁾ Products wholly obtained: enter the letter 'P'; Products sufficiently worked or processed: enter the letter 'W' followed by a heading of the Harmonised System (example 'W' 9618).

Where appropriate, the above mention shall be replaced with one of the following indications:

(a) In the case of bilateral cumulation: 'EU cumulation', 'Cumul UE' or 'Acumulación UE'.

(b) In the case of cumulation with Norway, Switzerland or Turkey: 'Norway cumulation', 'Switzerland cumulation', 'Turkey cumulation', 'Cumul Norvège', 'Cumul Suisse', 'Cumul Turquie' or 'Acumulación Noruega', 'Acumulación Suiza', or 'Acumulación Turquía'.

(c) In the case of regional cumulation: 'regional cumulation', 'cumul regional' or 'Acumulación regional'.

(d) In the case of extended cumulation: 'extended cumulation with country x', 'cumul étendu avec le pays x' or 'Acumulación ampliada con el país x'.

ANNEX 22-06

APPLICATION TO BECOME A REGISTERED EXPORTER

for the purpose of schemes of generalised tariff preferences of the European Union, Norway, Switzerland and Turkey (1)

| |
|---|
| <p>1. Exporter's name, full address and country, EORI or TIN (2).</p> |
| <p>2. Contact details including telephone and fax number as well as e-mail address where available.</p> |
| <p>3. Specify whether the main activity is producing or trading.</p> |
| <p>4. Indicative description of goods which qualify for preferential treatment, including indicative list of Harmonised System headings (or chapters where goods traded fall within more than twenty Harmonised System headings).</p> |
| <p>5. Undertakings to be given by an exporter</p> <p>The undersigned hereby:</p> <ul style="list-style-type: none">— declares that the above details are correct,— certifies that no previous registration has been revoked; conversely , certifies that the situation which led to any such revocation has been remedied,— undertakes to make out statements on origin only for goods which qualify for preferential treatment and comply with the origin rules specified for those goods in the Generalised System of Preferences,— undertakes to maintain appropriate commercial accounting records for production/supply of goods qualifying for preferential treatment and to keep them for at least 3 years from the end of the calendar year in which the statement on origin was made out,— undertakes to immediately notify the competent authority of changes as they arise to his registration data since acquiring the number of registered exporter,— undertakes to cooperate with the competent authority, |

- undertakes to accept any checks on the accuracy of his statements on origin, including verification of accounting records and visits to his premises by the European Commission or Member States' authorities, as well as the authorities of Norway, Switzerland and Turkey (applicable only to exporters in beneficiary countries),
- undertakes to request his removal from the system, should he no longer meet the conditions for exporting any goods under the scheme,
- undertakes to request his removal from the system, should he no longer intend to export such goods under the scheme.

Place, date, signature of authorised signatory, name and job title

6. Prior specific and informed consent of exporter to the publication of his data on the public website

The undersigned is hereby informed that the information supplied in this declaration may be disclosed to the public via the public website. The undersigned accepts the publication of this information via the public website. The undersigned may withdraw his consent to the publication of this information via the public website by sending a request to the competent authorities responsible for the registration.

Place, date, signature of authorised signatory, name and job title

7. Box for official use by competent authority

The applicant is registered under the following number:

Registration Number: _____

Date of registration _____

Date from which the registration is valid _____

Signature and stamp _____

Information notice

concerning the protection and processing of personal data incorporated in the system

1. Where the European Commission processes personal data contained in this application to become a registered exporter, Regulation (EC) No 45/2001 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data by the Union institutions and bodies and on the free movement of such data will apply. Where the competent authorities of a beneficiary country or a third country implementing Directive 95/46/EC process personal data contained in this application to become a registered exporter, the relevant national provisions of the aforementioned Directive will apply.
2. Personal data in respect of the application to become a registered exporter are processed for the purpose of EU GSP rules of origin as defined in the relevant EU legislation. The said legislation providing for EU GSP rules of origin constitutes the legal basis for processing personal data in respect of the application to become a registered exporter.
3. The competent authority in a country where the application has been submitted is the controller with respect to processing of the data in the REX system.

The list of competent authorities/customs departments is published on the website of the Commission.
4. Access to all data of this application is granted through a user ID/password to users in the Commission, the competent authorities of beneficiary countries and the customs authorities in the Member States, Norway, Switzerland and Turkey.
5. The data of a revoked registration shall be kept by the competent authorities of the beneficiary country and the customs authorities of Member States in the REX system for 10 calendar years. This period shall run from the end of the year in which the revocation of a registration has taken place.
6. The data subject has a right of access to the data relating to him that will be processed through the REX system and, where appropriate, the right to rectify erase or block data in accordance with Regulation (EC) No 45/2001 or the national laws implementing Directive 95/46/EC. Any requests for right of access, rectification, erasure or blocking shall be submitted to and processed by the competent authorities of beneficiary countries and the customs authorities of Member States responsible for the registration, as appropriate. Where the registered exporter has submitted a request for the exercise of that right to the Commission, the Commission shall forward such requests to the competent authorities of the beneficiary country or the customs authorities of Member States concerned, respectively. If the registered exporter failed to obtain his rights from the controller of data, the registered exporter shall submit such request to the Commission acting as controller. The Commission shall have the right to rectify, erase or block the data.
7. Complaints can be addressed to the relevant national data protection authority. The contact details of the national data protection authorities are available on the web-site of the European Commission, Directorate-General for Justice: (http://ec.europa.eu/justice/data-protection/bodies/authorities/eu/index_en.htm#h2-1).

Where the complaint concerns processing of data by the European Commission, it should be addressed to the European Data Protection Supervisor (EDPS) (<http://www.edps.europa.eu/EDPSWEB/>).

- (1) The present application form is common to the GSP schemes of four entities: the Union (EU), Norway, Switzerland and Turkey ('the entities'). Please note, however, that the respective GSP schemes of these entities may differ in terms of country and product coverage. Consequently, a given registration will only be effective for the purpose of exports under the GSP scheme(s) that consider(s) your country as a beneficiary country.
- (2) The indication of EORI number is mandatory for EU exporters and re-consignors. For exporters in beneficiary countries, Norway, Switzerland and Turkey, the indication of TIN is mandatory.

