

APPENDIX I TO ANNEX I

**INTRODUCTORY NOTES TO THE LIST OF CONDITIONS REGARDING WORKING AND
PROCESSING CARRIED OUT ON NON-ORIGINATING MATERIALS THAT CONFERS
ORIGINATING STATUS**

Note 1:

The list sets out the conditions required for all products to be considered as sufficiently worked or processed within the meaning of paragraph 2 of Rule 2 of Annex 1 of this Protocol.

Note 2:

2.1: The first two columns in the list describe the product obtained. The first column gives the heading number or chapter number used in the Harmonised System and the second column gives the description of goods used in that System for that heading or chapter. For each entry in the first two columns a rule is specified in column 3. Where, in some cases, the entry in the first column is preceded by an "ex", this signifies that the rules in column 3 apply only to the part of that heading as described in column 2. Optional rules in column 4 only apply to textile and clothing products of HS chapters 50 to 63 exported by MMTZ to SACU under the quota system.

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

2.3: Where there are different rules in the list applying to different products within a heading, each indent contains the description of that part of the heading covered by the adjacent rules in columns 3 or 4.

Note 3:

3.1: The provisions of Rule 2 of Annex 1 of this Protocol concerning products having acquired originating status which are used in the manufacture of other products apply regardless of whether this status has been acquired inside the factory where these products are used or in another factory in the Region.

For example*, an engine of heading No 8407, for which the rule may state that the value of non-originating materials which may be incorporated may not exceed a certain percentage of the ex-works price, is made from 'other alloy steel roughly shaped by forging' of heading No ex 7224.

If this forging has been forged in the Region from a non-originating ingot, it has already acquired originating status by virtue of the rule applicable to products of HS chapter 72 in the list. The forging can then count as originating in the value calculation for the engine regardless of whether it was produced in the same factory or in another factory in the Region. The value of the non-originating ingot is thus not taken into account when adding up the value of the non-originating materials used.

3.2: The rule in the list represents the minimum amount of working or processing required and the carrying out of more working or processing also confers originating status; conversely, the carrying out of less working or processing cannot confer originating status. Thus if a rule provides that non-originating material at a certain level of manufacture may be used, the use of such material at an earlier stage of manufacture is allowed and the use of such material at a later stage is not.

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

For example*, the rule for fabrics of heading Nos 5208 to 5212 provides that natural fibres may be used and that chemical materials, among other materials, may also be used. This does not mean that both have to be used; it is possible to use one or the other or both.

3.4: Where a rule in the list specifies that a product must be manufactured from a particular material, the condition obviously does not prevent the use of other materials which, because of their inherent nature, cannot satisfy the rule. (See also Note 6.2 below in relation to textiles).

For example*, in the case of an article of apparel of ex chapter 62 made from non-woven materials, if the use of only non-originating yarn is allowed for this class of article, it is not possible to start from non-woven cloth, even if non-woven cloths cannot normally be made from yarn. In such cases, the starting material would normally be at the stage before yarn, that is the fibre stage.

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Note 4:

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

4.2: The term "natural fibres" includes horsehair of heading No 0503, silk of heading Nos. 5002 and 5003 as well as the wool fibres, fine or coarse animal hair of heading Nos. 5101 to 5105, the cotton fibres of heading Nos. 5201 to 5203 and the other vegetable fibres of heading Nos. 5301 to 5305.

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

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

Note 5:

5.1: The conditions set out in column 3 or 4 shall not be applied to any basic textile materials, used in the manufacture of this product, which, taken together, represent 10 per cent or less of the total weight of all the basic textile materials used. (See also Notes 5.3 and 5.4 below).

5.2: However, the tolerance mentioned in Note 5.1 may only be applied to mixed products which have been made from two or more basic textile materials.

The following are the basic textile materials:

- silk,
- wool,
- coarse animal hair,
- fine animal hair,
- horsehair,
- cotton,
- paper-making materials and paper,
- flax,
- true hemp,
- jute and other textile bast fibres,
- sisal and other textile fibres of the genus Agave,
- coconut, abaca, ramie and other vegetable textile fibres,

- synthetic man-made filaments, artificial man-made filaments,
- synthetic man-made staple fibres of polypropylene,
- synthetic man-made staple fibres of polyester,
- synthetic man-made staple fibres of polyamide,
- synthetic man-made staple fibres of polyacrylonitrile,
- synthetic man-made staple fibres of polyimide,
- synthetic man-made staple fibres of polytetrafluoroethylene,
- synthetic man-made staple fibres of polyphenylene sulphide,
- synthetic man-made staple fibres of polyvinyl chloride,
- other synthetic man-made staple fibres,
- artificial man-made staple fibres of viscose,
- other artificial man-made staple fibres,
- yarn made of polyurethane segmented with flexible segments of polyether whether or not gimped,
- yarn made of polyurethane segmented with flexible segments of polyester whether or not gimped,
- products of heading No 5605 (metallised yarn) incorporating strip consisting of a core of aluminium foil or of a core of plastic film whether or not coated with aluminium powder, of a width not exceeding 5 mm, sandwiched by means of a transparent or coloured adhesive between two layers of plastic film,
- other products of heading No 5605.

For example*, a yarn of heading No 5205 made from cotton fibres of heading No 5203 and synthetic staple fibres of heading No 5506 is a mixed yarn. Therefore, non-originating synthetic staple fibres that do not satisfy the origin rules (which may require manufacture from chemical materials or textile pulp) may be used up to a weight of ten per cent of the yarn.

For example•, a woollen fabric of heading No 5112 made from woollen yarn of heading No 5107 and synthetic yarn of staple fibres of heading No 5509 is a mixed fabric. Therefore, synthetic yarn which does not satisfy the origin rules (which may require manufacture from chemical materials or textile pulp) or woollen yarn that does not satisfy the origin rules (which require manufacture from natural fibres, not carded or combed or other otherwise prepared for spinning) or a combination of the two may be used provided their total weight does not exceed ten per cent of the weight of the fabric.

For example•, tufted textile fabric of heading No 5802 made from cotton yarn of heading No 5205

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and cotton fabric of heading No 5210 is only a mixed product if the cotton fabric is itself a mixed fabric being made from yarns classified in two separate headings or if the cotton yarn used are themselves mixtures.

For example*, if the tufted fabric concerned has been made from cotton yarn of heading No 5205 and synthetic fabric of heading No 5407, then, obviously, the yarns used are two separate basic textile materials and the tufted textile fabric is accordingly a mixed product.

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

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

Note 6:

6.1: Textile materials, with the exception of linings and interlinings, which do not satisfy the rule set out in the list in column 3 or 4 for the made-up product concerned may be used provided that they are classified in a heading other than that of the product and that their value does not exceed 8 per cent of the ex-works price of the product.

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

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

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

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Note 7:

CHEMICAL PROCESSING RULES TO CONFER ORIGINATING STATUS

Section VI

Products of the Chemical or Allied Industries (Chapter 28-38)

Notes to Section VI:

Note 1

7.1: Rules 1 through 7 of this Section confer origin to a good of any chapter or heading in this Section, except as otherwise specified in those rules.

Note 2

7.2: Notwithstanding Note 1, a good is originating if it meets the applicable change in tariff classification or the percentage value content of non-originating material specified in Appendix I of Annex I of the Protocol on trade.

Rule 1: Chemical Reaction Origin

7.3: For a good of Chapters 28 through 38, which is subject to a chemical reaction, shall be treated as an originating good if the chemical reaction occurred in the territory of one or more of the Parties.

7.4: Note: For purposes of this section, a "chemical reaction" is a process (including a biochemical process) that results in a molecule with a new structure by breaking intramolecular bonds and by forming new intramolecular bonds, or by altering the spatial arrangement of atoms in a molecule.

7.5: The following are not considered to be chemical reactions for the purposes of determining whether a product is an originating good:

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

Rule 2: Purification Origin

7.6: For a good of chapters 28 through 38, a good that is subject to purification shall be treated as originating provided that one of the following occurs in the territory of one or more

of the Parties:

- (a) Purification of a good resulting in the elimination of 80 percent of the content of existing impurities; or
- (b) The reduction or elimination of impurities resulting in a good suitable for one or more of the following applications:
 - (i) Pharmaceutical, medicinal, cosmetic, veterinary, or food grade substances;
 - (ii) Chemical products and reagents for analytical, diagnostic or laboratory uses;
 - (iii) Elements and components for use in micro-elements;
 - (iv) Specialized optical uses;
 - (v) Non toxic uses for health and safety;
 - (vi) Biotechnical use;
 - (vii) Carriers used in a separation process; or
 - (viii) Nuclear grade uses.

Rule 3: Mixtures and Blends

7.7: A good of chapters 30, 31, 33 through 38 except for heading 38.08, shall be treated as originating if the deliberate and proportionally controlled mixing or blending (including dispersing) of materials to conform to predetermined specifications which results in the production of a good having physical or chemical characteristics which are relevant to the purposes or uses of the good and are different from the input materials, occurs in the territory of one or more of the Parties.

Rule 4: Change in Particle Size

7.8: A good of chapters 30, 31, and 33, shall be treated as originating if the following occurs in the territory of one or more of the Parties: the deliberate and controlled modification in particle size of a good, including micronizing by dissolving a polymer and subsequent precipitation, other than by merely crushing or pressing, resulting in a good having a defined particle size, defined particle size distribution or defined surface area, which is relevant to the purposes of the resulting good and have different physical or chemical characteristics from the input materials is considered to be origin conferring.

Rule 5: Standards Materials

7.9: A good of chapters 28 through 38, shall be treated as originating if the production of these

materials occurs in the territory of one or more of the Parties.

7.10: For the purposes of this rule "standards materials" (including standard solutions) are preparations suitable for analytical, calibrating or referencing uses and having precise degrees of purity or proportions, which are certified by the manufacturer.

Rule 6: Isomer Separation

7.11: A good of chapters 28 through 38, shall be treated as originating if the isolation or separation of isomers from mixtures of isomers occurs in the territory of one or more of the Parties.

Rule 7: Separation Prohibition

7.12: A good that undergoes a change from one classification to another in the territory of one or more of the Parties as a result of the separation of one or more materials from a man-made mixture shall not be treated as originating unless the isolated material underwent a chemical reaction in the territory of one or more of the Parties.

Note 8:

In Chapter 87

8.1 In the case of Road tractors for semi-trailers of a vehicle mass not exceeding 1600 kg (subheading ex 8701.20); Motor vehicles for the transport of ten or more persons, including the driver, of a vehicle mass not exceeding 2000 kg (subheadings ex 8702.10 and ex 8702.90); Motor cars and other motor vehicles principally designed for the transport of persons (excluding those of heading No. 8702) including station wagons and racing cars (heading 8703); Other motor vehicles for the transport of goods of a vehicle mass not exceeding 2000 kg or a G.V.M. not exceeding 3500 kg or of a mass not exceeding 1600 kg or a G.V.M. not exceeding 3500 kg per chassis fitted with a cab (subheadings ex 8704.21, ex 8704.31 and ex 8704.90); Bodies (including cabs), for the motor vehicles of heading No. 8701 to 8705 (heading 8707); **manufacture or assembly** of the vehicle or body entails that the floor panels, body sides and roof panels must be attached to each other and the engine, transmission, axles, radiators, suspension components, steering mechanisms, braking or electrical equipment or instrumentation must be fitted to the floor panels or chassis frame of the vehicle.

8.2 In the case of Road tractors for semi-trailers of a vehicle mass exceeding 1600 kg (subheading ex 8701.20); Motor vehicles for the transport of ten or more persons, including the driver, of a vehicle mass exceeding 2000 kg (subheadings ex 8702.10 and ex 8702.90); Other motor vehicles for the transport of goods of a vehicle mass exceeding 2000 kg or a G.V.M. exceeding 3500 kg or of a mass exceeding 1600 kg or a G.V.M. exceeding 3500 kg per chassis fitted with a cab (subheadings ex 8704.21, ex 8704.22, ex 8704.23, ex 8704.31, ex 8704.32 and ex 8704.90); **manufacture or**

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assembly of the vehicle entails that the cab or body must be attached to the chassis frame and the engine, transmission, axles, radiators, suspension components, steering mechanisms, braking or electrical equipment or instrumentation must be fitted to the floor panels or chassis frame of the vehicle.

8.3 In the case of Chassis fitted with engines, for the motor vehicles of headings Nos. 8701 to 8705 (heading 8706); the engine, transmission, axles, radiators, suspension components, steering mechanisms, braking or electrical equipment or instrumentation must be fitted to the floor panels or chassis frame.