

## **APPENDIX I TO ANNEX III**

### **Introductory notes to the list in Appendix II**

#### **Note 1:**

The list sets out the conditions required for all products to be considered as sufficiently worked or processed within the meaning of Article 5 of Annex III.

#### **Note 2:**

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

#### **Note 3:**

- 3.1 The provisions of Article 5 of Annex III, concerning products having acquired originating status which are used in the manufacture of other products, shall apply, regardless of whether this status has been acquired inside the factory where these products are used or in another factory in the territory of a Signatory Party.
- 3.2 The rule in the list represents the minimum amount of working or processing required, and the carrying-out of more working or processing also confers originating status; conversely, the carrying-out of less working or processing cannot confer originating status. Thus, if a rule provides that non-originating material, at a certain level of manufacture, may be used, the use of such material at an earlier stage of manufacture is allowed, and the use of such material at a later stage is not.

- 3.3 Without prejudice to Note 3.2, where a rule uses the expression "Manufacture from materials of any heading", then materials of any heading(s) (even materials of the same description and heading as the product) may be used, subject, however, to any specific limitations which may also be contained in the rule.
- 3.4 Where, in a rule in the list, two percentages are given for the maximum value of non-originating materials that can be used, then these percentages may not be added together. In other words, the maximum value of all the non-originating materials used may never exceed the higher of the percentages given. Furthermore, the individual percentages must not be exceeded, in relation to the particular materials to which they apply.

#### **Note 4**

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

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

#### 4.4 Chemical processing rules to confer originating status

##### **Section VI of the HS tariff classification: Products of the Chemical or Allied Industries (Chapter 28-38)**

###### **Rule 1: Chemical Reaction Origin**

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 Signatory Parties.

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.

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**

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 Signatory 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.