

Generalized System of Preferences

HANDBOOK ON THE SCHEME OF NORWAY

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UNCTAD Technical Cooperation Project on Market Access,
Trade Laws and Preferences

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INTRODUCTION

This handbook is intended to give, in a consolidated and concise form, information regarding the tariff advantages available to developing countries under the scheme of generalized system of preferences (GSP) of Norway, and the conditions under which goods may qualify for preferential treatment on importation into Norway.

The handbook has been prepared by the UNCTAD Technical Cooperation Project on Market Access, Trade Laws and Preferences (INT/97/A06) primarily for use within the context of project activities. Its publication was made possible by a contribution of the EC Commission to the above-mentioned project.

It should be noted that the description of products is given in terms of the Harmonized Commodity Description and Coding System (HS) on which the Customs Tariff of Norway is based, as products covered by the scheme are defined on an individual tariff line basis. The UNCTAD secretariat acknowledges the assistance and cooperation of the Norwegian Government in the preparation of this handbook.

Although based on official texts, the handbook cannot be regarded as a substitute for those texts. For more detailed information, authentic and up-to-date legal texts should be consulted.

Further information may be obtained by writing to:

Directorate of Customs and Excise
P.O. Box 8122 Dep.
0032 Oslo
Norway
Fax: (4722) 27 65 24

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

BACKGROUND

The Norwegian legislation implementing a system of tariff preferences in favour of developing countries was brought into effect in 1972, as part of a concerted international effort by industrialized countries to assist developing countries to expand their exports and thus increase their foreign exchange earnings. Over time the scheme was extended and amended, culminating in its newly revised GSP scheme, which has been in effect since 1 July 1995. It replaced the interim GSP arrangement that was introduced on 1 January 1995 in response to the World Trade Organization (WTO) Agreement's requirement for tariffication of all non-tariff border measures. As from 1 January 1988 the system has been technically adapted to the Norwegian Customs Tariff Nomenclature based on the Harmonized Commodity Description and Coding System (HS).

PRODUCT COVERAGE AND DEPTH OF TARIFF CUTS**A. Agricultural products (HS chapters 1-24)**

Implementation of the WTO Agreement required tariffication of all non-tariff border measures in the agricultural sector and a revision of the Norwegian GSP scheme. The new scheme, which took effect on 1 July 1995, makes significant improvements in product coverage for agricultural products.

For least developed countries, the following conditions apply: duty-free and quota-free market access for all agricultural products with the exception of flour, grains and feeding stuffs, to which a tariff reduction of 30 per cent applies, within indicative tariff ceilings (see annex I, list 1). The tariff reductions are calculated in relation to applied tariff rates. Automatic licensing is applied for imports of flour, grains, feeding stuffs and meat from these countries.

For other developing countries, the scheme implies:

- Duty-free market access for agricultural products contained in annex I, list 2;
- 100-per-cent tariff reduction on the industrial element of industrially processed agricultural products (see annex I, list 3);
- 50-per-cent tariff reduction on oils and fats (see annex I, list 4);
- 15-per-cent tariff reduction on certain flower, fruit and vegetable products (see annex I, list 5; automatic licensing is applied to this list);
- 10-per-cent tariff reduction on flour, grains and feeding stuffs (see annex I, list 1);
- 10-per-cent tariff reduction on meat and meat products (see annex I, list 6; automatic licensing is applied for products on this list);
- 10-per-cent tariff reduction on products within the new WTO minimum access quotas (see annex I, list 7).

All tariff reductions are calculated in relation to applied rates.

B. Industrial products (HS chapters 25-97)

Least developed countries are granted preferences for all products included in chapters 25-97. Other developing countries listed in annex III may also benefit from preferential treatment for industrial products, except for the list of product exceptions contained in annex I, section B.

SAFEGUARDS

Norway provides preferential treatment to least developed countries within indicative tariff ceilings on some agricultural products (see annex I, list 1) and applies automatic licensing on certain imports of agricultural products (see annex I, lists 5 and 6). Other developing countries are subject to automatic licensing on certain agricultural products (see annex I, lists 5 and 6) and receive partial preferential reductions on products within the WTO minimum access quotas (see annex I, list 7). Norway also has the right to apply the General Safeguard Clause in article XIX (GATT-WTO).

RULES OF ORIGIN

In order to qualify for preferential tariff treatment, goods eligible for tariff preferences:

- Must, in general, be transported directly to Norway;
- Must comply with the origin criteria specified for such goods by Norway; and,
- Must be accompanied by appropriate documentary evidence.

Direct consignment

The rule that originating products must be transported directly from the exporting country to the preference-giving country of destination is an important common feature of all GSP rules of origin. Its purpose is to enable the customs administration of the importing preference-giving country to be satisfied that the imported products are identical to the products which left the exporting country, and have not been manipulated, substituted or further processed in any third country of transit.

General conditions

Norway recognizes as directly transported:

- Products which do not pass through the territory of another country;

- Products which pass through the territories of countries other than the exporting beneficiary country, with or without trans-shipment or warehousing within those countries, provided that transport through those countries is justified for geographical reasons or exclusively on account of transport requirements¹ and that the products have remained under customs control in the country of transit or warehousing, and have not entered into commerce² or been delivered for home use there and have not undergone operations other than unloading, reloading and any other operation required to keep them in good condition.

Additional conditions

Loads may be split up and repacked, but not packaged for retail sale.

Goods originally consigned to Norway but traded to the other EFTA (European Free Trade Association) preference-giving country (Switzerland) or to the European Union (EU) will still receive preferential tariff treatment in the final country of destination even if the certificate of origin, Form A, does not show the country concerned as the final destination. *Mutatis mutandis*, the EU applies the same rule in respect of EFTA preference-giving countries. However, the customs authorities of the country of transit (either an EFTA or an EU country) shall issue a new Form A on the basis of the original Form A issued by the exporting preference-receiving country. This new certificate shall have in box 4 the text "replacement certificate" or "certificat de remplacement".

Origin criteria

Products exported from a beneficiary country may be divided into two groups:

- (a) Products "wholly-obtained", that is, products which have been entirely grown, extracted from the soil or harvested within the exporting country or which have been manufactured there exclusively from any of these products. Such products of a preference-receiving country qualify for GSP treatment by virtue of the total absence of the use of any imported components or materials; and
- (b) Products which are manufactured wholly or partly from materials, parts or components imported into the beneficiary exporting country (or are of unknown origin). These products qualify for GSP treatment only if they have undergone "sufficient working or processing" in the beneficiary country (see below under "Products with an import content or with a content of unknown origin").

¹ Norwegian GSP rules of origin make the provision that transport through countries other than the exporting beneficiary country must be justified for geographical reasons or on account of transport requirements.

² Norwegian GSP rules of origin provide that the products must not have entered into commerce in the country of transit or warehousing.

Products wholly obtained

Norway recognizes the following as products wholly obtained in a beneficiary country:

- (a) Mineral products extracted from its soil or from its sea bed;
- (b) Vegetable products harvested there;
- (c) Live animals born and raised there;
- (d) Products obtained there from live animals;
- (e) Products obtained by hunting or fishing conducted there;
- (f) Products of sea fishing and other products taken from the sea by its vessels;
- (g) Products made on board its factory ships exclusively from products referred to in (f) above;
- (h) Used articles which are collected there and are fit only for the recovery of raw materials;
- (i) Waste and scrap resulting from manufacturing operations conducted there; and,
- (j) Products obtained there exclusively from the products referred to in (a) to (i), above.

Products with an import content or with a content of unknown origin

As indicated above, products which have been manufactured in a beneficiary country wholly or partly from imported materials, parts or components (including materials, etc. of undetermined or unknown origin) are considered as originating in that country if those materials, parts or components have undergone sufficient working or processing. In general terms, working or processing is regarded as sufficient if it transforms the specific nature and characteristics of the materials used to a substantial degree. According to the origin criterion applied by Norway ("process criterion"), imported materials, parts or components ("inputs") are considered to have undergone sufficient working or processing if the finished product falls under a tariff heading at a four-digit level different from that of any of the materials, parts or components used in the process ("change in tariff heading"). However, since a change in tariff heading in some cases could be too liberal and in others too stringent a requirement to confer originating status on a product, such products are instead covered by a specific list³ in which the working or processing required to be carried out on the non-originating materials is laid down.

³ See annex II.

For a number of processes set out in the above-mentioned list, the rule requires the value of imported inputs not to exceed a given percentage of the value of the finished products. For the purpose of calculating whether the percentage is satisfied:

- The value of imported inputs is defined as their customs value at the time of importation into the beneficiary country or, in the case of inputs of undetermined or unknown origin, the earliest ascertainable price paid for them in that country. This also applies where the value of the originating materials used in the manufacture needs to be established.
- The value of finished products is the ex-factory price of the products, less internal taxes refunded or refundable on exportation. The ex-factory price includes the cost of production and the producer's profit. Where the processing has been carried out successively in two or more factories, the price to be taken into account is that paid to the last manufacturer, provided that the price includes the value of all the products used in manufacture.

Minimal or insufficient processes

Irrespective of whether the product meets the change of tariff heading requirement, the following operations and processes alone do not confer originating status:

- (a) Operations to ensure the preservation of products in good condition during transport and storage (ventilation, spreading out, drying, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and similar operations);
- (b) Simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making up of sets of articles), washing, painting, cutting up;
- (c)
 - (i) changes of packing and breaking up and assembly of consignments;
 - (ii) simple placing in bottles, flasks, bags, cases, boxes, fixing on cards or boards, etc., and all other simple packing operations;
- (d) The affixing of marks, labels, or other similar distinguishing signs on products or their packaging;
- (e) Simple mixing of products, whether or not of different kinds, where one or more components of the mixture do not meet the conditions laid down in these provisions to enable them to be considered as originating products;
- (f) Simple assembly of parts of products to constitute a complete product;
- (g) A combination of two or more operations specified in (a) to (f), above;
- (h) Slaughter of animals.

Unit of qualification

For the purpose of the application of the rules of origin, the following provisions apply with regard to the unit of qualification:

- Where under the terms of the Harmonized System a product composed of a group or assembly of articles is classified within a single heading, the whole constitutes the unit of qualification;
- Sets in the sense of general rule 3 of the Harmonized System shall be regarded as originating only when the value of the non-originating articles does not exceed 15 per cent of the total value of the set;
- Accessories, spare parts and tools dispatched with a piece of equipment, machine, apparatus or vehicle which are part of the normal equipment and included in the price thereof or are not separately invoiced shall be regarded as one with the piece of equipment, machine, apparatus or vehicle in question.

Packing

Where, under general rule 5 of the Harmonized System packing is included with the product for classification purposes, it shall also be included for the purpose of determining origin.

Cumulative origin

Norway and the other preference-giving country of EFTA, Switzerland, apply a system of cumulative origin. Under that system a preference-receiving country exporting to one of these EFTA countries is allowed, for the purpose of the rules of origin, to regard materials used in production which have originated in another preference-receiving country with which the exporting country cooperates in a regional economic grouping as if those materials had originated in the exporting country.

Preference-receiving countries forming an established regional economic grouping and wanting to take advantage of this cumulation system, have to apply in advance to the preference-giving country concerned, stating the measures taken by the grouping for the purpose of making use of the possibility of cumulation. Until such an application has been approved by the preference-giving country, cumulative treatment does not apply.

It is the responsibility of the final exporting country to guarantee that the "cumulated" imported materials did, in fact, originate according to the GSP rules of origin applied in the EFTA preference-giving country. The exporting country is responsible, upon request, for the verification of certificates. Norway reserves the right to request, in specific cases, verification of the origin of cumulated imported materials used in the production of the exporting product. Certificates of origin applying to the exported products have to show that cumulation has occurred. Currently, the countries members of the Association of South East Asian Nations (ASEAN) have been authorized to benefit from the EFTA cumulative acquisition of origin.

DOCUMENTARY EVIDENCE

Claims for GSP treatment must be supported by appropriate documentary evidence as to direct consignment and the origin of the goods.

Evidence of direct consignment

In the case of exports to Norway, evidence that the requirements of direct consignment have been fulfilled must, for products passing through the territory of a third country, be supplied to the customs authorities of the importing country by presenting:

- A through bill of lading drawn up in the exporting beneficiary country covering passage through the country or countries of transit; or
- A certificate issued by the customs authorities of the country of transit, stating the dates of unloading and reloading of the products or of their embarkation or disembarkation, identifying the ships used and certifying the conditions under which the products remained in the transit country; or
- Failing these, any substantiating documents deemed necessary (for example, a copy of the order for the products, a suppliers' invoice or bills of lading establishing the route by which the products travelled).

Evidence as to the origin of the goods

Originating products must be accompanied by a combined declaration and certificate of origin, Form A (see annex IV), filled in by the exporter and stamped by a competent governmental authority from the exporting beneficiary country, except as regards consignments of small value or postal consignments to which special provisions apply (see below).

Each certificate shall measure 210 x 257 mm; a tolerance of up to plus 8 mm or minus 5mm in the length may be allowed. The paper used shall be white writing paper, sized, not containing mechanical pulp and weighing not less than 25g/m². It shall have a printed green guilloche-pattern background making any falsification by mechanical or chemical means apparent to the eye.

It shall be made out in English or French. If it is completed by hand, entries must be in ink and in capital letters. The use of English or French for notes on the reverse side of the certificate is not obligatory.

Each certificate shall bear a serial number, printed or otherwise, by which it can be identified.

It is the responsibility of the relevant certifying authority of the exporting beneficiary country to ensure that the application is duly completed.

The completion of box 2 (consignee) of Form A is optional.

Certificates issued retrospectively

Where, as a result of errors, involuntary omissions or any other special circumstances, no request for a certificate of origin was made when the products were exported, such a certificate may be issued after the actual exportation of

the products to which it relates. The appropriate government authority may issue a certificate retrospectively only after verifying that the information supplied

in the exporter's request agrees with the corresponding export file and that a certificate of origin was not issued when the goods in question were exported. A certificate so issued should bear in box 4 the endorsement "issued retrospectively" or "délivré a posteriori".

Duplicate certificates

In the event of theft, loss or destruction of a certificate of origin, the exporter may apply to the certifying authority which issued it for a duplicate to be made out on the basis of the export documents in their possession. The duplicate Form A issued in this way should be endorsed, in box 4, with the words "duplicata" or "duplicate", together with the date of issue and the serial number of the original certificate.

Consignments of small value and postal consignments

Products declared to be originating in a beneficiary country which are sent as small packages to private persons by private persons or forming part of travellers' personal luggage are granted preferential tariff treatment without documentary evidence being required, provided that their importation is occasional and not for any commercial purpose and on condition that the value of the products does not exceed the value limits established by the Norwegian customs authorities.⁴

BENEFICIARIES

Norway grants preferences to 137 countries and 34 dependent or administered countries and territories, of which 52 are listed as least developed countries (see annex III). An indispensable condition for the application of the scheme is that the Government of the exporting country must notify the Norwegian authorities of the names of the authorities of the country empowered to issue the Form A and must provide specimen impressions of stamps used by the latter authorities for that purpose.

⁴ To claim preferential treatment a special form known as Form APR should accompany each postal consignment (see annex IV).

ANNEXES

ANNEX III

Beneficiary countries

The system applies to all countries and dependent or administered territories listed below. So far it is in force only for countries marked with an asterisk(), i.e. countries which have notified the Norwegian Government about their competent authorities for certification and specimens of impressions of stamps to be used for this purpose. The names of the least developed countries are written in capital letters.*

A. Independent developing countries

AFGHANISTAN*	LIBERIA*
Algeria*	Libyan Arab Jamahiriya
ANGOLA*	Macedonia,
Antigua and Barbuda	Former Yugoslav Rep. of*
Argentina*	MADAGASCAR
Bahamas*	MALAWI*
Bahrain*	Malaysia*
BANGLADESH*	MALDIVES*
Barbados*	MALI*
Belize	Malta*
BENIN*	MAURITANIA
BHUTAN*	Mauritius*
Bolivia*	Mexico*
Bosnia and Herzegovina	Mongolia*
BOTSWANA*	Morocco*
Brazil*	MOZAMBIQUE*
Brunei Darussalam*	MYANMAR*
Bulgaria	NAMIBIA*
BURKINA FASO	Nauru
BURUNDI	NEPAL*
CAMBODIA	Nicaragua*
Cameroon, United Republic of*	NIGER*
CAPE VERDE*	Nigeria
CENTRAL AFRICAN REPUBLIC	Oman
CHAD	Pakistan*
Chile*	Panama*
China, People's Republic of*	Papua New Guinea*
Colombia*	Paraguay*
COMOROS	Peru*
Congo, People's Republic of	Philippines*
Costa Rica*	Qatar
Croatia*	RWANDA
Cuba*	SAMOA
Cyprus*	SAO TOME AND PRINCIPE
DJIBOUTI	Saudi Arabia*
Dominica*	Senegal*
Dominican Republic*	Seychelles
Ecuador*	SIERRA LEONE
Egypt*	Singapore*
El Salvador*	Slovenia
EQUATORIAL GUINEA	SOLOMON ISLANDS
ERITREA	SOMALIA
ETHIOPIA*	South Africa*
Fiji*	Sri Lanka*
Gabon*	St. Kitts-Nevis-Anguilla
GAMBIA*	St. Lucia*
Ghana*	St. Vincent and the Grenadines
Grenada	SUDAN*
Guatemala*	Suriname*
GUINEA*	Swaziland*
GUINEA-BISSAU	Syrian Arab Republic
Guyana*	TANZANIA, United Republic of*
HAITI*	Thailand*
Honduras*	TOGO*
India*	Tonga*
Indonesia*	Trinidad and Tobago*
Iran*	Tunisia*
Iraq*	TUVALU
Ivory Coast*	UGANDA*
Jamaica*	United Arab Emirates
Jordan*	Uruguay*
Kenya*	VANUATU
KIRIBATI	Venezuela*
Korea, Republic of*	Viet Nam
Kuwait*	WESTERN SAMOA
Lao People's Democratic Rep.*	YEMEN
Lebanon*	YEMEN, Democratic
LESOTHO*	

ZAIRE*
 ZAMBIA*
 Zimbabwe*

B. Dependent or administered countries and territories

AUSTRALIA
Oceania:
 Cocos Islands
 Christmas Island
 Hard Island & McDonald Islands
 Norfolk Island

FRANCE
Africa:
 Mayotte
Oceania:
 Austral Islands
 & French Antarctic
 French Polynesia
 New Caledonia

NETHERLANDS
Latin America:
 Netherlands Antilles

NEW ZEALAND
Oceania:
 Cook Islands*
 Tokelau Islands
 Niue Island

PORTUGAL
Asia:
 Macau*

UNITED KINGDOM
Europe:
 Gibraltar
Africa:
 St. Helena

Asia:
 British Territories in the
 Indian Ocean
 Hong Kong*
Latin America:
 Bermuda
 Cayman Islands
 Falkland Islands
 Montserrat

Turks and Caicos Islands
 British Virgin Islands
Oceania:
 Pitcairn

UNITED STATES OF AMERICA
Latin America:
 Virgin Islands of the
 United States
Oceania:
 American Samoa
 Guam
 Johnston and Sand Islands
 Midway Islands
 US Territories in the Pacific
 Ocean
 Wake Islands

OTHER MANDATED TERRITORIES (US)
Oceania:
 The Carolines
 Marianas
 Marshall Islands

ANNEXES

ANNEX IV Certification

A. GSP Certificate of
origin, Form A

B. Form APR

C. Form EUR.1

