

**Expert Group meeting for Least Developed Countries
on the preparation for the
World Trade Organization Ministerial Conference,
Bali, Indonesia**

11 November 2013

EU Rules of Origin for LDCs

by

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**Presentation by
European Commission**

Three pillars of the EU GSP rules of origin

- 1. Appropriate rules for determining the acquisition of origin**
- 2. Improved and efficient management and control/clear and appropriate division of responsibilities between operators and authorities**
- 3. A secured environment for legitimate trade - based on an improved framework for administrative cooperation**

Elements of EU GSP rules of origin

1. Cumulation

- ***Bilateral cumulation with the EU***
- ***Regional cumulation, cumulation between countries of ASEAN and SAARC regions***
- ***Extended cumulation with the EU FTA partner countries possible under certain conditions***



Cumulation conditions relaxed (value added condition abolished)

Elements of EU GSP rules of origin

2. Derogations

- *Beneficiary countries may apply for **derogations from standard rules of origin** in case of natural catastrophes and on economic grounds.*
- *The EU is equally able to grant derogations on its own initiative.*

Elements of EU GSP rules of origin

*3. Direct transport rule replaced by
“non-manipulation” clause*

- *Conditions for transportation have been relaxed and simplified*

“Non-manipulation” clause

*The products declared for release for free circulation in the European Union shall be the same products as exported from the beneficiary country in which they are considered to originate. They shall not have been altered, transformed in any way or subjected to operations other than operations to preserve them in good condition, prior to being declared for release for free circulation. Compliance with this provision **shall be considered as satisfied unless** the customs authorities have reason to believe the contrary; in such cases, the customs authorities may request the declarant to provide evidence of compliance, which may be given **by any means**.*

Elements of EU GSP rules of origin

4. Enhanced provisions on administrative co-operation

Administrative co-operation is supported by periodic **monitoring** of correctness of application of rules of origin

Elements of EU GSP rules of origin

5. Introduction of self-certification system from 2017

Near Future: Self-certification in GSP rules of origin

System of registered exporters (REX) will apply from 2017:

- Exporters will make out statements on origin themselves for the consignment of any value provided they are **registered** with the competent authorities of their countries*
- 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 **EUR 6 000**.*

EU product specific rules for LDCs

- ***Specific treatment is granted to LDCs compared to other GSP beneficiary countries.***

The EU introduced a differentiation to the benefit of LDCs at the level of the applicable GSP rules of origin. Until recently, only the preference made available to LDCs was more favourable. Now, the rule of origin themselves specifically target and contribute to the specific needs of LDCs. This is a far-reaching policy decision of the EU.

EU product specific rules for LDCs

Since LDCs mainly export **textiles, clothing, footwear, processed agricultural and fisheries** products, the relaxation of the rules of origin is focused on these products.

EU product specific rules for LDCs

1. AGRICULTURAL AND PROCESSED AGRICULTURAL PRODUCTS

- Targeted relaxation for agricultural products
- Specific relaxed rules for LDCs for processed agricultural products (for example, of Chapters 29, 33, 35, 38) which allow the use of non-originating materials **up to 70%** of the *ex-works* price of the product

EU Product Specific Rules for LDCs

2. TEXTILES

- The rules for textiles foresee **single transformation for LDCs**, instead of double transformation available in the past.
- The recognition of the single-step transformation for textiles diminished the need to apply for derogations from rules of origin for certain LDCs who are exporters of textile products.

EU Product Specific Rules for LDCs

3. INDUSTRIAL PRODUCTS (MACHINERY, CARS, MOTORCYCLES...)

- Specific relaxation of the rules for LDCs.
- Mainly, the relaxation takes the form of the possibility to integrate a higher **threshold of 70% of** the *ex-works* price of the product.

**Thank you very much
for your attention!!!**

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