



# **Preferential Rules of Origin Swaziland Experience**

# Providing for Alternative Rules



- Alternating the Origin Criteria helps qualify more goods for market access
- A case involving chemical processing was resolved without requiring the producer to divulge the composition or costing for the product.
- Solution was contained the revision of the SADC Protocol on Trade in 2008

# Options in SADC Protocol on Trade: Ch 28-38



- Manufacture from materials of any heading, except that of the product;

**OR**

- Manufacture in which the value of the materials used does not exceed 60 % of the ex-works price of the product;

**OR**

- Chemical processing rules as per Appendix I of Annex I; Introductory Notes, Note 7

# PRoO Criteria: CTH



- Arguably the simplest criterion
- We have to identify products where CTH criterion is most appropriate
- For example CKD or SKD kits may fail the CTH criterion (HS Rule 2(a))

# PRoO Criteria: Ad Val %



- A high tolerance of NoM facilitates exports
- A 35% Value Addition was too stringent
- “Goods of Economic Importance” criterion at 25% Value Addition saw stabilization of strategic industries in COMESA Members
- Benefitting sectors in COMESA – Refrigerator assembling, Cement

# Material vs Material Comparison



- Provides for comparison of values of materials only
- Comparison of FOB values for NoM and CIF values of regional materials will improve FTA utilization
- Needs recognition of regional materials

## RULE 2.1(b)(i) : COMESA MATERIAL CONTENT CRITERION

	Value	Contribution
Local (COMESA) Materials	100	<b>33%</b>
Non-COMESA Materials	200	<b>67%</b>
Labour	<del>50</del>	
Overheads	<del>80</del>	
Total production cost	430	
Profit	<del>70</del>	
Ex-Works Price	<b><u>500</u></b>	

# Conclusion



- Consider segmentation of sectors for each origin criterion;
- Design rules that respond to sector needs, producer's capacity etc;
- Provide certainty in the Protocols; (e.g. Tariff classification codes);
- Exporter education & involvement;
- Customs technical input for trade facilitation (avoid creation of NTBs)



# THANK YOU

