

Origin Certification, Rules of Origin, and Origin Criteria

Origin determines “economic nationality” of goods traded across borders (exports/ imports). Goods exported from Pakistan to the EU are eligible for preferential tariffs (waiver/ reduction) under the EU-GSP/ GSP Plus scheme only if they meet the originating criteria for those goods laid down under the preferential Rules of Origin (ROO) of the EU-GSP scheme. In such a condition the goods are said to be of Pakistan origin (or originating in Pakistan).

Statement on Origin (SOO) issued by a REX registered Pakistani exporters is a declaration/ confirmation by him that his product(s) being exported to the EU is of Pakistan origin and duly meets ROO of the EU-GSP laid down for the product.

Products exported from Pakistan can meet the EU-GSP product specific ROO if they are:

- I. Wholly obtained in Pakistan: These are the goods that are exclusively (i.e. totally or 100%) produced/ processed in Pakistan. A product is wholly obtained in a country if only that country is involved in its production. So the term wholly obtained applies mainly to things occurring naturally and to goods made entirely from them (minerals, agricultural, animal, and marine origin materials, and waste/scrap). For “wholly obtained” goods the Origin Criteria entered on the Statement on Origin is “P”. For manufactured/ industrial products (e.g. textiles) it is preferable to use “W” even if the product is 100% produced/ processed in Pakistan, while “P” is mostly used for products comprising naturally occurring things.
- II. Sufficiently worked or processed in Pakistan: Goods not wholly obtained in Pakistan can still qualify as of Pakistan origin if made from imported raw/ semi-finished materials that undergo sufficient working or processing (i.e. Transformation) in Pakistan to meet relevant rules laid down in the ROO. For “sufficiently worked or processed” goods the Origin Criteria entered in the Statement of Origin is “W+HS heading”. Product specific rules for this category of goods can be read from “Annex 22-03 (Commission Delegated Regulation (EU) 2015/ 2446)” covering “Working or Processing Operations Conferring Origin” placed under “Downloads” on TDAP’s REX page. However, under sufficiently worked or processed criterion only the non-originating materials need to be sufficiently worked or processed as other materials are by themselves already originating. Furthermore, the working or processing **must** go beyond “Minimal Operations” (Appendix-I), if it does not, the product will be “non-originating” even if the rule mentioned under Annex 22-03 is satisfied.

It is important to remember that irrespective of the Origin Criteria (“P” or “W”) met by a product to qualify Pakistan origin, once declared Pakistani/ originating it will be eligible for the full preference available to the product under the GSP/ GSP Plus scheme. In other words, once a product qualifies as of Pakistan origin it is eligible for the full preference irrespective of the Origin Criteria met. Accordingly, the tendency to unnecessarily use “P” needs to be corrected.

It also needs to be remembered that Origin Criteria (“P” or “W”) should be carefully and correctly stated on the Statement on Origin furnished by the exporter under the REX system. Stating wrong Origin Criteria on the SOO is a serious mistake and as per EU authorities is a major factor leading to initiation of “verification requests” by the importing customs.

Even if the product is originating and meets the ROO, it is still necessary that the product exported from Pakistan arrive to the EU without being manipulated in another country, apart from the mere operations needed for keeping the product in good conditions.

Further details on Rules of Origin can be referred from: <https://trade.ec.europa.eu/tradehelp/basic-rules>

COMMISSION DELEGATED REGULATION (EU) 2015/2446 of 28 July 2015

Article 47 Insufficient working or processing (Article 64(3) of the Code)

1. The following operations shall be considered as insufficient working or processing to confer the status of originating products (Minimal Operations), whether or not conditions laid down for the goods concerned are fulfilled (per list of working or processing operations which confer originating status, i.e. Annex 22-03):
 - (a) Preserving operations to ensure that the products remain in good condition during transport and storage;
 - (b) breaking-up and assembly of packages;
 - (c) Washing, cleaning; removal of dust, oxide, oil, paint or other coverings;
 - (d) Ironing or pressing of textiles and textile articles;
 - (e) Simple painting and polishing operations;
 - (f) Husking and partial or total milling of rice; polishing and glazing of cereals and rice;
 - (g) Operations to color or flavor sugar or form sugar lumps; partial or total milling of crystal sugar;
 - (h) Peeling, stoning and shelling, of fruits, nuts and vegetables;
 - (i) Sharpening, simple grinding or simple cutting;
 - (j) Sifting, screening, sorting, classifying, grading, matching (including the making-up of sets of articles);
 - (k) Simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards and all other simple packaging operations;
 - (l) Affixing or printing marks, labels, logos and other like distinguishing signs on products or their packaging;
 - (m) Simple mixing of products, whether or not of different kinds; mixing of sugar with any material;
 - (n) Simple addition of water or dilution or dehydration or denaturation of products;
 - (o) Simple assembly of parts of articles to constitute a complete article or disassembly of products into parts;
 - (p) Slaughter of animals;
 - (q) A combination of two or more of the operations specified in points (a) to (p).
2. For the purposes of paragraph 1, operations shall be considered simple when neither special skills nor machines, apparatus or tools especially produced or installed for those operations are required for their performance.
3. All the operations carried out in a beneficiary country on a given product shall be taken into account when determining whether the working or processing undergone by that product is to be regarded as insufficient within the meaning of paragraph 1.