



Main features of the simplified Rules of origin Agreement EU-Jordan

Peter Kovacs
DG Taxation and Customs Union

The purpose of preferential rules of origin

- Imports are generally subject to customs duties
- Rate is the so-called MFN-rate
- Countries can conclude agreements which provide for tariff preferences (reduction or elimination of the customs duties)
- Tariff preferences are only for "originating" goods
- Preferential rules of origin determine the products that can benefit from the tariff preference

Principles of special measure

- Relaxation of Rules of origin for trade from Jordan to the EU



- Addition to existing Protocol 3 to the Association Agreement which covers trade in both directions

Basic Conditions

- The working or processing is carried out in production facilities in a Development Zone or Industrial Area named in the decision 1/2016
- The production facility contains a proportion of employment of Syrian refugees
 - **15% in first and second year of entry into force of the Annex**
 - **25% from the beginning of the 3rd year**

Jordanian authorities monitor the respect of the conditions; they grant an authorisation number to exporters fulfilling the conditions

What do the new rules imply?

- Rules for meeting the origin requirement are the most generous the EU applies (= GSP LDC)
- It covers almost all industrial products
- Which Products are excluded?
 - **Products without duties on importation in the EU (example: Chapter 30 - Pharmaceuticals)**
 - **Products for which the rules of Protocol 3 and GSP LDC are identical (example: agricultural products)**

Additional flexibility provided by the special measure : Some examples

Articles of plastics (HS 3922 to HS 3926)

Current rule in Protocol 3

- **Value of the non-originating materials does not exceed 50% of the Ex-works price of the exported product**

This means

- **The manufacturer can import non-originating materials to a maximum of 50% of the EXW price.**

Articles of plastics (HS 3922 to HS 3926)

Rule provided in the special measure

- **Manufacture from any heading except that of the product (Change of Tariff Heading = CTH)**
or
Value of the non-originating materials does not exceed 70% of the Ex-works price of the exported product

Articles of plastics (HS 3922 to HS 3926)

This means

- **The exporter has the choice**
- **First rule (CTH): no limit on the imports of non-originating materials (100% is allowed) provided the manufactured product is classified in another heading than the imported materials**
- **Second rule: when non-originating materials of the same heading are used in the processing: the threshold is 70%**

Cars and car parts (Chapter 87)

Current rule in Protocol 3

- **Value of the non-originating materials does not exceed 40% of the Ex-works price of the exported product**

Rule provided in the special measure

- **Value of the non-originating materials does not exceed 70% of the Ex-works price of the exported product**

Textiles

Relaxation for textiles

Introduction of 'single transformation'
compared to 'double transformation'

for clothing, there are **4** stages of production, **3** steps of transformation.
Fiber => Yarn (after spinning) => Fabrics (after weaving/knitting) => Clothing (after making-up)

1 **2** **1** **3** **2** **4** **3**

Current rules = 'double transformation'

Clothing chapters 61+62

Pakistan



Weaving

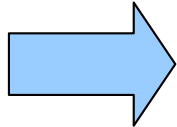


Making-up



List rules – New Measure

Clothing chapters 61+62



Manufacture from
fabric



Single transformation
performed in Jordan
Preferential origin granted

The proposed rule is offering that only the last stage of processing is made in Jordan (making-up).

Proof of origin

- Documents are the ones currently used
- Need for an additional statement

"Derogation – Annex II(a) of Protocol 3 – [Name of the Development Zone or industrial area] – [authorisation number obtained from the Jordanian authorities]"
- With this statement importers and Customs can easily make a distinction between:
 - *exports from Jordan under the special measure*
 - *exports from Jordan under the already existing rules*



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Thank You